

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. CARY: Petition of 20 women students of the University of Michigan; also resolutions of the Browning Club, Athens, Tenn.; the Arkansas Press Association; Abingdon (Ill.) Woman's Club; and the West Pullman Woman's Club, Chicago, Ill., asking for the repeal of the second-class postage provisions of the war-revenue act; to the Committee on Ways and Means.

By Mr. CLARK of Pennsylvania: Petition of A. F. Young Burgess, president of the council; H. D. Johnson, clerk of the council; F. W. Casler, and 18 other residents of Union City, Pa., praying for the passage of House bill 7995, for the preservation of the *Niagara*, Commodore Perry's flagship in the Battle of Lake Erie; to the Committee on Naval Affairs.

By Mr. DALE of New York: Petition of 20 women students of the University of Michigan; also resolutions of the West Pullman Woman's Club, Chicago, Ill.; the Abingdon Woman's Club, Abingdon, Ill.; the Browning Circle, Athens, Tenn.; and the Elective Study Club, Minneapolis, Minn., asking for the repeal of the periodical postage provisions of the war-revenue act; to the Committee on Ways and Means.

By Mr. DALE of Vermont: Petition of the First Division, Vermont Branch, Railway Mail Association, favoring the increase of compensation of railway-mail clerks, as provided in House bill 9414; to the Committee on the Post Office and Post Roads.

By Mr. FULLER of Illinois: Petition of the Westminster Association of the University of Michigan, for repeal of the second-class postage provisions of the war-revenue act; to the Committee on Ways and Means.

By Mr. HILLIARD: Resolutions adopted by Mount Garfield Lodge, No. 349, Brotherhood of Railroad Trainmen, protesting against legislation designed to place transportation employees under Federal workmen's compensation; to the Committee on Labor.

Also, resolutions adopted by the Farmers' Cooperative Grain Dealers' Association of Iowa, protesting against any legislation designed to guarantee dividends to railroads during the period of Federal control; to the Committee on Interstate and Foreign Commerce.

Also, petition of H. Horwitz and M. Ball, of Denver, Colo., praying for the repeal of that section of the war-revenue act providing for increased postage rates on periodicals; to the Committee on Ways and Means.

By Mr. LOBECK: Petition of the Nebraska Improved Live Stock Breeders' Association, recommending the provision in the Agricultural appropriation bill for the prevention of tuberculosis among live stock; to the Committee on Agriculture.

By Mr. MAHER: Resolution of the Brooklyn Surgical Society, favoring House bill 9563, advancing the rank of medical officers in the Army; to the Committee on Military Affairs.

Also, memorial of the heads of the various organizations of railroad employees asking that no definite time be set for the return of the railroads to their owners; to the Committee on Interstate and Foreign Commerce.

Also, resolution of the New York State Forestry Association, favoring Senate bill 3344, establishing a plant quarantine on imported plants; to the Committee on Agriculture.

By Mr. STINESS: Petition of the League of Improvement Societies of Rhode Island, favoring the passage of the daylight-saving bill; to the Committee on Interstate and Foreign Commerce.

Also, resolutions offered at a mass meeting, held at Pawtucket, R. I., under the joint auspices of the Young Men's Christian Association and the Rhode Island Anti-Saloon League, favoring the complete suppression of the liquor traffic, either by the President under the power granted to him by Congress or by further legislation; to the Committee on Agriculture.

By Mr. TEMPLE: Petition of the Chartiers Presbyterian Church, Canonsburg, Pa., favoring an amendment to the Constitution of the United States, prohibiting polygamy; to the Committee on the Judiciary.

Also, petition of the council of the city of Pittsburgh, Pa., favoring the further improvement of the Ohio River and the passage of a bill providing for the construction of the Lake Erie-Ohio River Canal; to the Committee on Rivers and Harbors.

By Mr. TILSON: Petition of the New England Tobacco Growers' Association, concerning the limitation of tobacco growing; to the Committee on Agriculture.

By Mr. VARE: Petition of the Women's Trade-Union League of Philadelphia, protesting against insanitary conditions at the Frankford Arsenal; to the Committee on Military Affairs.

HOUSE OF REPRESENTATIVES.

SATURDAY, February 23, 1918.

The House met at 12 o'clock noon.

Rev. Earle Willfey, pastor of Vermont Avenue Christian Church, Washington, D. C., delivered the following prayer:

Almighty and most merciful God, our Heavenly Father, whose we are and whom we serve, we would begin each day's duties rightly, and therefore do we plead for Thy divine guidance upon the session of this day. We pray, Heavenly Father, that into our minds may be put the truth that makes men free, into our hearts the human kindness that makes men loving, and the justice that is over all. We pray, Heavenly Father, that as we go on the journey we may have the guidance of Thine eye, the strength of Thine Almighty arm. Bless this distressed globe; especially bless our own beloved land. Put wisdom into the hearts and minds of those in power in the halls of legislation, in the marts of trade, and in the great thought of the people. We pray, Almighty God, that each man in his own way and in his own time may deal justly with his fellow man, so that to-day, Heavenly Father, we do pray that justice and right may prevail; that from the session of this day good may follow; from the minds of these men, Thy servants, the leaders of our people, may go that which will strengthen us in the eyes of the world, and win Thy approval. Bless all that may be dear to us as individuals and as representatives of a great free people, and in our relation to our brother man, in our relation to the nations of the world, may there be such exact and even justice, such cordial and sympathetic friendship, as that in the ages to come generations unborn may look back and say, The deeds of those great days were well done. God hear us, answer us in Thy wisdom, and to Thine own Divine end we ask, for Thy name's sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

QUESTION OF PRIVILEGE.

Mr. WALSH. Mr. Speaker, I rise to a question of the privileges of the House.

The SPEAKER. The gentleman will state it.

Mr. WALSH. Mr. Speaker, in the Record of February 19, 1918, under permission granted to the gentleman from Kentucky [Mr. Powers] on February 6, appears an extension of remarks, a part of which are the remarks made by the gentleman from Kentucky [Mr. Powers] upon the alien-slacker bill, so called. The greater part of the extension consists in—

Mr. LANGLEY rose.

The SPEAKER. For what purpose does the gentleman from Kentucky rise?

Mr. LANGLEY. I desire to make a suggestion to the gentleman from Massachusetts.

The SPEAKER. Does the gentleman from Massachusetts yield?

Mr. WALSH. Yes.

Mr. LANGLEY. I want to call the gentleman's attention to the fact that my colleague, Mr. POWERS, is not here this morning. I do not know whether he will be here to-day or not, but I suggest to the gentleman that it would seem better, and especially in view of the fact that there is no need of action on this matter immediately, that he wait until Mr. POWERS can have an opportunity to be present, so that he may say whatever he desires to say in answer to the comments of the gentleman from Massachusetts or of anyone else who may discuss the proposition the gentleman is raising.

Mr. WALSH. Mr. Speaker, if the colleague of the gentleman from Kentucky, Mr. POWERS, can give me any information as to when he thinks he will be here, I will be glad to have him do so.

Mr. LANGLEY. I can not. I have not seen my colleague from Kentucky to-day. I do not suppose he knows that this matter is to be brought up. I am acting entirely on my own initiative and on what seems to me to be the proper course. I feel it my duty to make the suggestion I have, and that is as far as I can go.

Mr. WALSH. Mr. Speaker, I have no desire to seem to be taking advantage of the gentleman from Kentucky in any way, and at the suggestion of his colleague I desire to say that I am willing to forego raising this question at this time, but I wish to give notice that I shall bring it up on Monday or Tuesday of next week.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had passed bill of the follow-

ing title, in which the concurrence of the House of Representatives was requested:

S. 3752. An act to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes.

EXTENSION OF REMARKS.

Mr. HAYDEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing therein a letter from J. J. Saunders, parole clerk of the Arizona prison, in regard to the enlistment of convicts in the Army.

The SPEAKER. The gentleman from Arizona asks unanimous consent to extend his remarks in the Record by printing a letter touching the enlisting of convicts in the Army. Is there objection?

There was no objection.

Mr. KINKAID. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record upon the railway-control bill.

The SPEAKER. The gentleman from Nebraska asks unanimous consent to extend his remarks in the Record on the railway bill. Is there objection?

There was no objection.

Mr. VOIGT. Mr. Speaker, I make the same request.

The SPEAKER. The gentleman from Wisconsin makes the same request.

Mr. SIMS. Mr. Speaker, I desire to make a request to cover all—that all gentlemen who have spoken on this bill or who may speak on it may have five legislative days in which to extend their remarks.

Mr. GARNER. On the bill?

Mr. SIMS. Of course.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that all gentlemen who have spoken on this bill or who may speak on it shall have five legislative days from the time the bill is disposed of in the House within which to extend their remarks in the Record.

Mr. SIMS. On the bill.

The SPEAKER. On the bill.

Mr. WALSH. Mr. Speaker, reserving the right to object, unless the request is made so as to comprehend only gentlemen's own remarks and pertinent citations, excluding telegrams, letters, and editorials, I shall object.

Mr. SIMS. I think that is proper, and I adopt that suggestion.

The SPEAKER. The gentleman from Tennessee modifies his request so as to exclude letters, telegrams, editorials, and extraneous matter generally, that the speeches printed shall be on the bill, to be the gentlemen's own remarks or such citations and quotations as are absolutely pertinent. Is there objection? There was no objection.

WITHDRAWAL OF PAPERS.

By unanimous consent, Mr. LEHLBACH was granted leave to withdraw from the files of the House, without leaving copies, the papers in the case of Michael Friel (H. R. 16666, 63d Cong., 2d sess.), no adverse report having been made thereon.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. POLK, for to-day, February 23, and Monday and Tuesday, the 25th and 26th, on account of important business;

To Mr. HAMLIN, for three days, on account of illness; and

To Mr. OLIVER (at the request of Mr. SMALL), for two days, on account of important official business.

FEDERAL CONTROL OF RAILROAD TRANSPORTATION.

Mr. SIMS. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 9685) to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes. Pending that, how much time does the gentleman from Wisconsin lack of having consumed his entire time?

Mr. ESCH. I think 35 or 37 minutes.

The SPEAKER. Thirty-seven minutes.

Mr. SIMS. Then I ask unanimous consent that general debate shall continue for 37 minutes more, the entire time to be used by the gentleman from Wisconsin [Mr. Esch].

The SPEAKER. The gentleman from Tennessee moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the railroad bill and, pending that, asks unanimous consent that general debate be extended for 37 minutes, and that the whole of that time may be used by the gentleman from Wisconsin [Mr. Esch]. Is there objection?

Mr. WINGO. Mr. Speaker, reserving the right to object, I would like to inquire if the gentleman from Wisconsin intends to discuss this bill?

Mr. ESCH. As far as I know those to whom I will concede time will speak on the bill; yes.

Mr. WINGO. I have no objection to the extension of time for general debate if the discussion is confined to the bill, but I do not care to be held here to hear political speeches such as we heard on yesterday.

The SPEAKER. Is there objection?

Mr. WINGO. And with the assurance it will be confined to the bill—

The SPEAKER. The Chair can not give any assurance about what anybody is going to say at any time or place or about anything.

Mr. WINGO. I am not asking the Chair, if the Chair will permit, but I am asking the gentleman from Wisconsin for that assurance.

Mr. ESCH. As far as I am assured by the three or four gentlemen to whom I will yield time, they are to speak on the bill.

Mr. WINGO. With that assurance I shall not object.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 9685, with Mr. GARRETT of Tennessee in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 9685, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 9685) to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes.

Mr. ESCH. Mr. Chairman, I yield 12 minutes to the gentleman from California [Mr. HAYES]. [Applause.]

Mr. HAYES. Mr. Chairman, of course no man can adequately discuss this great proposition in the time allotted to me, so I shall only undertake to deal with one or two of the things which I think are important in the consideration of this bill. Having taken the step that has been taken, the Government having already taken over the management and operation of a large percentage of the railroads of the United States, it would be futile for me to discuss the wisdom of that step.

Indeed, if the question now under consideration was whether or not the Government of the United States should at once relinquish the control of these carriers I doubt if I should care to assume the responsibility of taking the affirmative of the question, fearing that such a step would produce confusion worse founded than we now have. While I desire in every way to support the Government in the prosecution of the war, it seems to me proper to discuss what shall happen after the war necessity for this operation by the Government has passed. In other words, how long after the close of the present war is it desirable for the Government of the United States to retain control and continue the operation of the railroads of the United States?

The gentleman from Michigan [Mr. FORDNEY] discussed very fully the other day the subject of Government ownership in other countries of the world as well as in this. I had intended to supplement what he said by other facts that could be cited to show the disastrous results of Government ownership where it has been tried, but my limited time forbids. I will, however, say that I have made a comparison of the operation of the privately owned railroads of the United States and the Government-owned railroads of Germany and Japan for the year 1913, the last year before the war. Although the railroads of Germany were then conceded to be the best example of Government ownership and operation in the world, and although Japan paid its railroad employees the lowest wages paid for similar service in the world, the comparison is all to the advantage of the roads of the United States. I have put the results of this comparison in the following table. The figures, which are taken from official documents, speak for themselves:

Comparative statistics of the railways of the United States, Germany, and Japan for the year 1913.

Item.	United States of America.	Germany.	Japan.
Miles of line.....	244,418	38,154	5,473
Miles of all tracks.....	369,580	78,382	8,201
Miles of all tracks to mile of line.....	1.51	2.06	1.50
Capital per mile of line.....	\$68,861	\$120,049	\$88,633
Number of employees.....	1,815,239	786,466	112,087
Number of employees per mile of line.....	7.43	20.61	24.80
Yearly wages of employees..	\$756.83	\$408.97	\$112.56

Comparative statistics of the railways of the United States, Germany, and Japan for the year 1913—Continued.

Item.	United States of America.	Germany.	Japan.
Number of locomotives.....	63,178	29,520	2,500
Number of locomotives per mile of line.....	0.26	0.77	0.46
Number of passenger cars.....	51,700	86,098	6,453
Number of passenger cars per mile of line.....	0.21	2.26	1.18
Number of freight cars.....	2,273,564	671,096	42,705
Number of freight cars per mile of line.....	9.30	17.59	7.96
Average capacity of freight cars..... tons.....	38.0	15.9	9.6
Number of passengers carried.....	1,033,679,680	1,797,188,599	167,773,143
Number of passengers carried 1 mile.....	34,575,872,980	25,592,777,187	3,690,964,619
Receipts per passenger carried 1 mile.....	\$0.02008	\$0.00908	\$0.00693
Passengers carried 1 mile per employee.....	19,100	32,540	32,930
Passengers carried 1 mile per passenger car.....	668,780	297,250	571,975
Number of tons freight carried.....	2,058,035,487	745,852,206	40,710,165
Number of tons freight carried 1 mile.....	301,398,752,108	46,243,983,919	3,420,314,955
Receipts per ton freight carried 1 mile.....	\$0.00729	\$0.01244	\$0.00774
Number tons freight carried 1 mile per employee.....	166,040	58,800	30,425
Number tons freight carried 1 mile per freight car.....	132,570	68,910	80,010
Number passengers and tons freight carried.....	3,091,715,167	2,543,040,805	208,483,308
Number passengers and tons freight carried 1 mile.....	335,974,625,088	71,836,761,106	7,111,281,574
Number passengers and tons freight carried 1 mile per car.....	144,490	94,870	168,120
Number passengers and tons freight carried 1 mile per employee.....	185,140	91,340	63,355

The reason for the failure of Government ownership is not far to seek. The reason exists entirely in the nature of the ordinary human being. Few men are dominated, though some I hope are, by altruistic motives. The ordinary man is dominated by selfishness, and if he is employed in an occupation that does not conduce directly to his benefit or to his comfort or to his wealth, he is very little interested in the occupation. As soon as Government ownership comes in this element of self-interest is largely eliminated. The employee has then to work not for himself primarily, but for the benefit of all the people of the country in which he lives. The result is a great falling down in efficiency, in energy, and in capacity. As a result of this recognized human characteristic I think any dispassionate man who will examine the history of the world since Government ownership has been tried will come to the conclusion that the privately owned railroad corporation can pay the taxes that are imposed by the Government, can pay interest on investment of private capital, can pay higher wages to labor, and at the same time can furnish to the people of the country served better and cheaper service than Government-owned railroads can furnish when relieved from all taxation and all responsibility for interest on the investment. It seems to me that anybody who will look at it deeply and dispassionately, and who is not hypnotized by some alluring theory, must come to this conclusion.

I am quite well aware that a fine case can be made out for Government ownership in theory, but facts are stubborn things, and a few facts of experience will answer all the theoretical arguments in the world. All that is necessary for an ordinary man to do to be thoroughly satisfied of the results of Government ownership of railroads is to go to Europe and travel upon the Western Road of France, for example, which is the only road in France owned by the Government, and then upon the other roads of France, which are owned privately. Cross the line and travel on the railroad lines of Prussia, for example, which before the war were concededly the best managed and operated Government roads in the world, and then go to England and travel on the privately owned roads of England.

Just let him keep his eyes open and his mind in an open attitude so as to take in and pass upon the facts that will come to his attention and he will come to the conclusion that private operation is vastly superior in every way to operation by the Government.

You do not need to go so far away as France or Prussia or England or any other foreign country to get this object lesson. All you need do is to do as I did a few weeks ago, take a trip from Pittsburgh to Washington on the great Pennsylvania Rail-

road and see the transformation that has taken place in the conditions of the service even since last December as the result very largely of the operation of this line by the Government. To be sure, some of this disorganization and inefficiency may be laid to the jar that has come about by changing the status not only of the Pennsylvania Railroad but of many of the great roads of the United States east of the Mississippi River. Any man who is connected with large business affairs or who knows much about business would know that this great change could not be made without a great shock coming not only to the property and the business directly affected, but to all the business and industries of the country that are at all depending upon it. So I do not claim that all that I saw of inefficiency and disorganization is to be laid to the fact that the Government was operating this road.

But this is what happened: I rode on one of the limited trains. In the first place, the train did not start for three-quarters of an hour after it should have started, apparently not being in a hurry to get away. When it got under way we were several hours late into Harrisburg. We should have made the trip from Harrisburg to Washington in three and one-half hours. As a matter of fact it took us nine hours to make the trip. All the way we had no heat in the train, though the temperature was down to about zero. We landed in Washington at 2 o'clock in the morning, instead of the day before. On the way we had plenty of opportunity to observe the condition of things on the main line. I saw many hundreds of carloads of coal standing on the sidetracks, and this was at the time we had the coal famine in Washington and generally throughout the country. These hundreds and hundreds of cars standing on the sidetracks had a foot of snow, at least, on them, indicating that they had been there for some time. I saw many cars marked "Out of order," standing on the sidetracks, some loaded and some empty, but more of them empty, and on examination it was apparent that the needed repairs were not serious in most cases. Many of them only needed a bolt put in a drawbar in order to make them serviceable, but no bolt had been put in. Everything you looked at and every part of the service with which you came in contact caused you to become conscious that inefficiency and disorganization were rampant everywhere.

The manager, superintendents, foremen, and others charged with the responsibility for the operation of this great system are in a state of perturbation and uncertainty. They do not know where they stand and fear that at any time they may be superseded or removed. As a result the heart and energy are taken out of them. The same is true of the subordinates under them. They are uncertain of their positions and, besides, they feel—many of them—that they are working for Uncle Sam, and it makes little difference whether they lose time, get the freight through, or how they perform their duties—Uncle Sam is rich, and their wages will be coming through on pay day just the same. There is only an impersonal interest in their occupation, and the spur of self-interest is very largely removed. They expect that politics or political considerations are to take the place of the demand that has constantly come from their superiors for their efficiency and good work. Their hope for promotion according to the rules and length of faithful service and the usages and practices established by those charged under private ownership with the responsibility for these things has been disturbed and, in their mind, probably destroyed.

As a result of all this there is no discipline among the employees. The employees of the Pennsylvania system, heretofore courteous, obliging, and accommodating, were quite the reverse upon the occasion of my last trip. And I understand from those who have taken trips similarly that the same conditions can be found upon other railroads that are now operated by the Government of the United States.

And the same conditions, showing the same results, exist in the shipbuilding industry. I happen to be connected with the iron business in a small way, and so am somewhat informed in regard to the various lines of the iron and the steel industry. And I am advised from reliable sources that last June and July, before the United States took hold of shipbuilding actively, 350 rivets per day per man was an ordinary average day's work, but that now, or when I got my advices a week or 10 days ago, this had decreased until 180 to 130 rivets per man per day was the average day's work.

On the 22d of February Herbert Hoover, the National Food Administrator, gave a statement to the public asserting that, owing to the fact that the freight transportation of the railroads was so inefficient and demoralized, there was danger of a food shortage in all the districts of the East for the next two months. The whole blame is put by Mr. Hoover on the

railroad congestion, which has continued for three months, two of which have been under the control and management of the National Director General of Railroads.

Mr. C. R. Wilson, our Federal food administrator for the District of Columbia, puts the situation locally in the following words:

Many weeks ago, when it became apparent that a more stringent program of wheat conservation would probably have to be adopted, I made an informal survey of the supplies of wheat, rye, barley, oats, etc. then in the hands of the bakers and wholesalers of the District, inquiring of them what they had on hand, what they had rolling to Washington, and what they had ordered. I was then principally concerned with getting into our markets an abundant supply of the substitutes for wheat, and to this end I furnished to some of them—all who showed a desire to cooperate—lists of mills throughout the country at which the substitutes could be had.

Our bakers and merchants generally gave loyal support, but because of bad weather, freight congestion, and embargoes they could not get their orders accepted, or, if accepted, could not get shipments through. Later special arrangements were made with the proper railroad officials for expediting carloads of foodstuffs upon notice to them of delayed transportation.

A notice was at once sent out from my office to every possible consignee of foodstuffs in Washington that if he would report delayed shipments to my office, giving car initials and numbers, nature of shipment, names of shipper and consignee, and route over which shipped, every effort would be made to have the shipment expedited.

From that day to this a clerk in my office has done little else than sit at the telephone and receive complaints from consignees and forward them at once over the telephone to the proper designated railroad officials, giving complete information covering delayed shipments and refusals by railroads to accept shipment on account of embargoes.

We have splendid cooperation from our merchants and from the railroad officials with whom we have been in touch, but there have been delays of weeks, even months, in transportation from points both far and near. There are many instances of delays of weeks even from points in Virginia and Maryland.

Now, what is the cause of all this? It is the same cause exactly as produces inefficiency and lack of energy in every industry that the Government undertakes. It is the same trait in human nature operating that makes it impossible for any socialistic effort or experiment to be a success. It is because the man who feels as though he was to draw his wages or that he would eat or that he would have his desires satisfied just the same, whether he took any interest in his work or not, or whether he worked half his capacity or his full capacity; such a man will not work with the same energy and the same interest or the same efficiency that he would use if he understood that he must produce something in order that his employer may be able to pay him his wages and that some one knows what he is doing who has power to raise his wages, to promote or discharge, according to his real deserts. [Applause.]

It seems apparent to me that the sooner the exigencies of the war will permit the Government to relinquish control of the railroads of the country, the better it will be, not only for the railroads and their owners but for all the people of the United States. I can see no reason for continuing this Government control and operation for any considerable length of time after the close of the war. If the Director General spends any of the public moneys for betterments or rolling stock or for dividends or for anything else that he is authorized by law, that he can not recover for the Treasury out of the operation of the lines, he will certainly have taken bonds or other securities—or if not securities, at least the notes of the company to whose benefit the expenditures will inure. Therefore, when the time comes for the relinquishment of his control, the whole matter will be a matter only of accounting. Thirty or sixty days will be ample time in which to adjust the financial relations of the Government to the railroads. I can see no necessity for any extended legislation, but if such necessity should exist, or if it should be apparent before the formal declaration of peace that some legislation would be necessary, Congress will still be on the job, and by a joint resolution could extend the time until such time as legislation to meet the situation could be formulated and passed.

Under the conditions existing in the country, as I have briefly outlined them and as I think they are known to nearly all the people of the country, is it not for the interest of the people of the United States that these roads should not remain under this governmental control longer than necessary?

And what interest have the roads in continuing this operation? It is to be expected that the hundreds of thousands of owners of the bonds and stocks of the railroads of the country will be perfectly satisfied to shoulder all their responsibilities upon the Federal Government during the uncertain and strenuous times of the war if the Government guarantees, as it does in this bill, to return the various properties in as good repair as they are at present, to keep up the supply of motive power and rolling stock, and to pay the dividends that the roads have been able to earn during the last three years.

I am finding no fault with these provisions of the bill. Having taken their property away from them, I do not see how we could do much less and be just; but if the railroads are to be

returned to their owners, is there any advantage to them which the legislator should consider in having the present relation continue beyond the war?

The study of the subject has convinced me that there is not, and I have supplemented my opinion by the opinion of some of the best railroad operators in the land. One of the men connected with the management and operation of the great Chicago & North Western Railway system, in answer to my request for his opinion in this matter, writes me as follows:

I know of no reason whatever why the railroads should be held a moment after the war ceased, and there will be no better time for the Government to drop control than immediately with the close of the war; and the railroads, as well as other peoples, can readjust themselves at the same time.

I also quote a few words from page 179 of the hearings before the House Committee on Interstate and Foreign Commerce, where Julius Kruttschnitt, formerly of the National Railway Board and chairman of the board of directors of the Southern Pacific Co., makes the following statement:

I think the bill should prescribe definitely when the roads are to be returned to their owners. If the conditions during the time that the Government operates the roads are thoroughly met by the officers of the Government, such as providing revenue to the railroads to pay increases in wages, to meet large increases in expenses—increases in expenses larger than those that prevailed at the time that the Government took the roads over—I don't see any reason why the roads should not be returned to the owners substantially at the time of the declaration of peace.

If the Government advanced money by taking securities to roads that wanted to make betterments in the way of second tracks or terminals, I assume the Government would receive some kind of security for these loans or advances; and I can't conceive why it would be necessary to wait six months or a year or two years after the declaration of peace simply because these advances had been made. I really don't see—I can't conceive of conditions that would require holding these roads indefinitely, as the bill seems to provide, after the close of the war. It seems to me that they should be returned to the owners within a reasonable time put in the bill, "not exceeding blank months," I should say—six months.

Both of these men are among the brightest railroad operators of the country, men who have come up from the ranks and know the railroad business from the bottom to the top, by experience, and their opinion in this matter is entitled to great weight.

There are two reasons why justice to the railroads requires that we release to them their property at the earliest possible moment. The first has been alluded to by the above gentlemen. I have quoted, and is briefly this: At the close of the war all kinds of business in the country must pass through a more or less extended stage of readjustment to new conditions. The railroads of the country should be put into the hands of their owners so that they may pass through this adjustment with the other business interests of the country. This adjustment must take some time, even if there were no change to be made from the Government to private operation; but this adjustment must include an organization on a different basis and in many respects on very different lines than were required under Government operation.

The second reason is that already many of the employees of the railroads while in private hands have been discharged, others, no doubt, will be by the Director General, and the longer the railroads stay in Government hands the more of these employees will be discharged, and the more the organization of the railroads will be disorganized and disrupted.

The railroad tracks, locomotives, cars, buildings, and real estate are not the only valuable possessions of the railroads. Almost as valuable are the skilled, trained, and organized forces of employees that make up the operating organizations of the various lines. At the best that can be done the railroads are going to suffer a great loss as a result of the partial disruption of these organizations, and, as I have said, the longer the Government operation continues the greater will this loss be.

For the above reasons I hope that when the time comes to amend the bill which we have before us the House will adopt the view of the minority report of the Committee on Interstate and Foreign Commerce, and will reduce the time when the Government may maintain its control of these great properties from two years to one, or, preferably, to six months, after the close of the present conflict.

Mr. ESCH. Mr. Chairman, I yield 10 minutes to the gentleman from Maine [Mr. HERSEY].

Mr. HERSEY. Mr. Chairman, as I have only 10 minutes, I desire not to be interrupted.

Mr. Chairman, the pending bill attempts to provide for the control and operation of the railroad systems of this country by the President for a period not exceeding two years after the close of the present war and to fix a compensation to be paid to the owners of these railroad systems—to fix rates and wages, and to appropriate the sum of \$500,000,000 to inaugurate such operation.

At the present time these railroad systems have been taken over and are under the control of the President by virtue of the act of Congress approved August 29, 1916, which says:

The President, in time of war, is empowered, through the Secretary of War, to take possession and assume control of any system or systems of transportation, or any part thereof, and to utilize the same to the exclusion, as far as may be necessary, of all other traffic thereon, for the transfer or transportation of troops, war material, and equipment, or for such other purposes connected with the emergency as may be needful or desirable.

It will be noted that the bill under consideration is not limited to the control of the railroads, but extends to the operation of the same. While it is not directly a bill for Government ownership of these roads, if enacted into law this legislation will necessarily give in the conduct of these great lines of transportation conflicting authority, uncertainty, and confusion, and must result in the demoralization of business and of the railroad service.

The Hearst newspapers, which assume to speak for the administration, claim that the enactment of this bill into law will assure Government ownership of public utilities, and Thursday in the Senate Senator LEWIS, spokesman of the administration, said:

Mr. President, I may shock those who may know me with some intimacy when I wish it understood that I view this bill as the beginning of the Government ownership of the railroads. More than that, sir, from my viewpoint this bill initiates the policy of this Government into the ownership not only of the railroads but into that era of the ownership of the telegraph and the telephone in America, to be followed by the ownership or the control of the agencies of fuel, those natural agencies—coal and oil.

I shall not discuss the question of Government ownership of railroads. Last Tuesday in this House the gentleman from Michigan [Mr. FORDNEY] made a notable speech against Government ownership of railroads. He brought to that discussion a wealth of information and research that was very valuable to the Congress. By an array of the highest authorities he showed conclusively that wherever public ownership of railroads has been tried the world over it has inevitably resulted in complete failure and a return to private ownership.

This speech appears in the Record of yesterday and should be read by everyone who thoughtlessly favors Government ownership. It ought to settle forever the question in the minds of those who impartially examine the subject, and I am pleased to know that despite the hysterical declamations of a few in both Houses of the Congress who favor Government ownership and who denounce imaginary plutocrats that the Congress will not commit the country at this time to the Government ownership of railroads.

When the war is over the question of Government ownership will have been settled forever, for I am sure that the future operation of the railroads by the Government during the war will result in such a failure to better our conditions that we shall be only too glad to return these roads to the rightful owners.

The history of railroad progress in this country reads like a romance. In the dark days of '61 the loyal Government under Lincoln conducted a mighty war and at the same time built a great railroad across the continent. This was followed by the extension of railroad lines over the United States, by the granting of public lands by Federal systems, by the help of States, by the relief from taxation, by the assistance of counties and even townships, until our railroad system has grown to be the wonder of the world. It is the largest and richest system of any nation, while its rates and fares are much less than those of any other country in the world.

In the building up of these great railroad systems it necessarily followed that many promoters made themselves rich, and successful attempts were here and there made to wreck a railroad for the benefit of certain promoters.

But during the last 10 years much has been accomplished to place the railroad systems of the United States upon a sound financial basis, to prevent dishonesty in the conduct of the roads, and to place the supervision of the State and Nation over all these branches. This has been done by the establishment of the Interstate Commerce Commission, whose duty it is to regulate the fares, charges, and conduct of interstate roads. Also, many States have through their legislatures established public-utilities commissions, having authority in connection with the Interstate Commerce Commission to regulate the charges and supervise the conduct of their railroads until to-day it is almost impossible, under these laws and regulations, for a railroad company to water its stock, to issue stock and bonds, to establish unjust tolls and charges, or to dispose of its franchises and property or to encumber the same without the consent of these Federal and State commissions, and it is no argument against the private ownership and operation of railroads that in the past there have been dishonest men in control of these lines of transportation. The great railroad heads to-day are men of ability

and honor; their efficiency and fitness are vouched for by the President of the United States in his address to Congress January 4 last when he said:

It was in the true spirit of America, and it was right, that we should first try to effect the necessary unification under the voluntary action of those who were in charge of the great railway properties; and we did try it. The directors of the railways responded to the need promptly and generously. The group of railway executives who were charged with the task of actual coordination and general direction performed their difficult duties with patriotic zeal and marked ability, as was to have been expected, and did, I believe, everything it was possible for them to do in the circumstances. If I have taken the task out of their hands, it has not been because of any dereliction or failure on their part but only because there were some things which the Government can do and private management can not. We shall continue to value most highly the advice and assistance of these gentlemen, and I am sure we shall not find them withholding it.

But it is said by the advocates of Government ownership that at the present time we are in a great world war; that there has come a crisis in this Nation in its transportation facilities, and that it has become necessary for the President to appoint his son-in-law as Director General of the railroad systems for the purpose of making more efficient these lines of transportation for the purpose of the war.

It is true that the great railway systems of this country have been placed in a position where they were unable to fully perform the most efficient work. While the expense of operating railroads has increased to an alarming extent the Interstate Commerce Commission during the last three years has persistently refused to raise the rates of these transportation companies. This commission has not had the courage to do justice to the railroads. The expenses of these railroads have more than doubled. They have been obliged to husband every resource to move their trains. Strikes have forced them to raise the pay of their employees, while freight rates have remained practically the same. Of necessity they have been obliged to abandon many crippled freight cars because they have been unable from their returns to give the needed repairs, and during the past year there has been thereby a loss to these roads of 57,000 freight cars.

The Detroit Free Press of January 18 last expressed this thought in an article, in which it said:

While production of coal in the United States, notwithstanding the shortage of men, has been increased, due to the use of mining machines and other labor-saving devices, there is considerably more coal consumed than formerly, due to the increased consumption of munition plants and manufacturing establishments, the increased use of coal on ships, and at the training camps. In this connection there is naturally more coal being burned, due to the severity of the winter.

At many mines there is a shortage of railroad cars, due to the fact that the railroads have not sufficient equipment to handle the enormous volume of business now thrust upon them. The policy of the Government has been one of strangulation toward the railroads for many years. Railroad credit has been destroyed and bonds and stocks could not be sold in order to purchase more equipment.

Yet, in spite of all these handicaps and unjust treatment of the railroads by the Government, we find that during last year these great railroad systems increased their traffic by 135,000,000,000 tons. This is not a failure of transportation, as has been charged, but a wonderful success.

It was not necessary that the President should take charge of the operation of these railroad systems at the present time or ask for the enactment of this bill. Had the Interstate Commerce Commission given the necessary assistance by an increase in rates those who use the railroads would pay the charges and this extra income would keep up this rolling stock and make the roads efficient.

The President under his war powers, which he has now by law, could have directed the transfer and preference of any freight necessary for the conduct of the war. As it is now contemplated by this legislation, the President shall go further and not only raise the rates on these lines, which he has already done, but raise the wages of railroad employees. This bill will place in the hands of the President \$500,000,000 to be spent as he directs, which money must be paid by taxes on all the people, even on those who do not use the railroads.

The Detroit Free Press, above mentioned, in the same article from which I have quoted, further says:

During the summer of 1917 newspapers throughout the country came out with flaring headlines advising people not to buy coal, stating that the price would be less later in the year. These statements were exceedingly misleading, and instead of the dealers throughout the country buying coal and beginning to store July 1, as has usually been the custom they procrastinated and did not begin to lay in their winter's supply until the middle of October. In other words, the purchasing of winter fuel was postponed until at least three months and a half after the ordinary time when dealers begin to lay in stock.

Thus we find that it was not the fault of the railroads that during this present winter traffic has been congested and coal could not be more promptly delivered to distant sections of the country from the mines.

The individual had been soothed by the Government into a delusion that the Food and Fuel Commissions would lower to him the price of coal if he would only wait and be patient, and he waited. The coal dealer had been convinced by the Government that if he stored coal it would be commandeered and taken from him, and he could see nothing in the business, and thereby did not order from the mines. So a situation had been forced upon the people which was not the fault of the railroads and has not been remedied by "workless" and "heatless" days.

This bill will doubtless pass, giving to the President and his son-in-law supreme authority over these great lines of transportation. To my mind this means endless trouble and disaster to the business of the country. The Washington Times, the home organ of the administration, one of the Hearst progeny, says that there is to be a reorganization under McAdoo of the directors, managers, and officials of all these lines. Men who have spent their lives in this work and have come up from the section man and brakeman to president and general manager will find themselves displaced by place hunters, politicians, and officeholders, who know nothing about railroading and who care less, satisfied and contented to occupy an office and draw fat salaries from the Government while the people make large appropriations to take care of the deficits that are sure to come.

The late issue of the Railway Age says editorially:

"LEST WE FORGET."

Almost exactly 12 years ago one of the wisest and farthest-seeing Americans that ever lived made a prediction. The prophet was James J. Hill. The prophecy was that continuance of the policy of railroad regulation then being adopted by the State and National Governments would bring national disaster.

The policy was continued. The prophecy has been fulfilled. The disaster has come. It has come in the midst of the Nation's participation in the greatest of all wars. The Government last week ordered the industries of the busiest and most populous part of the United States shut down for five days. It has made each Monday in the same territory an enforced holiday for 10 weeks.

Those responsible for the order say it was necessary because the railroads could not haul all the coal that the mines could produce and other industries could consume—that this was the only way to relieve the transportation congestion and increase the movement of fuel.

This is but a partial explanation. Last summer the Government created a Fuel Administration and put at its head a college professor, who knows little about fuel and less about administration. The great need of the country as regards fuel was a vast increase in production. No possible amount of conservation would make the supply sufficient. To get the needed increase of production the prompt adoption of large constructive measures was essential. Prices must be so fixed as to encourage the operation of mines which under ordinary conditions would be unprofitable. Production must be raised and kept to the very maximum possible during the summer and fall months when transportation conditions were favorable. It was desirable to divide the country into zones, as was long ago done in England, so that coal would be consumed near where it was produced and cross hauling and waste of transportation be eliminated.

The large constructive measures needed were not adopted. Instead of cooperating with the railroads as was necessary, the Fuel Administration spent its energies in "passing the buck" to them. With a Fuel Administration which knew anything about the fuel business, there would have been a larger amount of coal produced and transported.

The rest of the explanation of the existing situation is that James J. Hill's prediction has been fulfilled. For 12 years the State and National Governments have followed a policy of regulation intended to compel unrestricted competition between railroads and to reduce their net return to the lowest basis which the courts would not hold confiscatory. In consequence, while the productive capacity of our industries has been rapidly increasing, the expansion of the facilities of our railroads has been rapidly decreasing. The final outcome was clear to every intelligent and sane railroad man or business man. It was as certain that under this policy the railroads in time would become unable to handle all the country's commerce as that the law of gravitation would continue to operate or the sun to rise in the morning and set in the evening.

This Nation is now passing through its supreme crisis. The voice of the political demagogue appeals to the elements of unrest and the logic of the mob. The wild socialism that has destroyed unhappy Russia attempts here in America to clothe in darkness the lighthouse of the Constitution and by the false fires of Government ownership to lure on the rocks and the breakers of socialism the ship of state that these wreckers may share in the plunder and spoils.

In this hour of destiny the Congress of the United States should stand like a mountain wall against the delegation of unlimited power to any one man. We should also have the political courage to defy the unthinking and frenzied mob, so that at the end of this terrible war we shall return again to our old-time prosperity and to "a Government of laws and not of men."

Mr. ESCH. Mr. Chairman, I yield the balance of my time to the gentleman from New York [Mr. WALDOW]. [Applause.]

Mr. WALDOW. Mr. Chairman, every phase of the subject matter under consideration has been so completely and exhaustively discussed by Members who have preceded me that I deem it unnecessary to attempt, in the few moments I have at my disposal, to discuss this bill except in a general way. Mr. Chairman and fellow colleagues, this world is passing through a period of change, mutations follow in rapid succession. Things are happening to-day with a suddenness and passing on with such veloc-

ity many of the people of this Nation can only stand and wonder what is coming next; we have altered our relations and changed our attitude to the nations of the world, and we have undertaken to reverse every process of thought and action, every rule, established by business, capital, and labor under which our national life has developed into the rich and mighty among the nations of the world, and we are attempting to change the natural law of supply and demand and to regulate and control the habits of human beings by acts of legislation.

I have infinite faith in the patriotism of the American people, and as their Representative in Congress I intend to support any legislation necessary, no matter how radical in character, to assist in winning this war, and will in the future, as in the past, support many measures and grant unlimited and unheard of powers to our President to enable him to act unhampered at all times in its prosecution to a successful end. It should be superfluous for me to state that 90 per cent of the legislation I have voted for during this Congress would not have had my support under normal conditions.

The importance and gravity of this legislation are second only in importance to our declaration of war and our selective-conscription act. In it we assume the property rights of the railroads, estimated at \$18,000,000,000. We also assume the liability of compensating the owners for the use of their property, which amounts to about \$1,000,000,000 a year, if we compare an average of their earnings for the past three years, as contemplated by this bill. We also assume the responsibility for the personal welfare of almost 2,000,000 railroad employees and their families.

Mr. Chairman, when the President assumed control and took possession of the railroads he was taking private property, and this Congress and Nation is ready to pay for the use thereof; the question that remains is one of fair and just remuneration and what means or method can be best devised to secure this result.

The President took possession of the railway systems of the country under the act of August 29, 1916. This act limits his possession to the duration of the war; when, unless we otherwise provide, the control of these systems will automatically be restored to their owners. Legislation now being enacted should, in my judgment, confine itself to this emergency, therefore that section of the bill designed to extend Government control to 12 months after the war should, in my judgment, be adopted, for it is in harmony with the general purpose of the bill.

Another feature of this bill, to which I will briefly refer, relates to rates of transportation. We have the right or authority to give to the President or any other individual or official the power to initiate rates. I should hesitate before voting to place such a power in other than the hands of the Interstate Commerce Commission, where it has rested for years, but for the fact that the railway systems are now under a new management and will be for the period of the war, and I intend to hold the President responsible for the operations of our railroads, the personal welfare of our 2,000,000 railroad employees and their families, and the \$500,000,000 we have appropriated in this bill. I expect the President to use his own judgment in the matter of new equipment, in increasing the wages of the railroad employees, and in perfecting the railroad system to such a degree of efficiency that congestion of freight, such as we have had in the past six months, and a repetition of fuelless days for our factories and homes and fuelless ships loaded with supplies for our Army and our allies will be impossible; and holding the President personally responsible for the successful operation of and for all the expense incurred by the railroads, I am not going to grant to the Interstate Commerce Commission the right and the power to initiate rates for securing the money to pay for expenditures that they have not incurred. The President being responsible for the management of the railway systems is entitled to devise ways and means of obtaining revenue for their maintenance. I believe, however, that Congress should insist that the Interstate Commerce Commission continue to perform all of its former functions—except those to initiate rates—and particularly to continue to perform those with reference to the many safety-appliance acts so necessary to the safety of life and limb of the railroad employee and the general public.

Mr. Chairman, at the time the President took possession of the railroads it was apparent to everyone who was at all familiar with the real condition of affairs that the military operations of the Government were being seriously hampered. Troops, supplies, and munitions of all kinds were being delayed both in transit and upon their arrival at the place of destination. It was also apparent that the congestion of freight of all kinds was increasing day by day and some radical step was necessary if we were going to have an efficient dependable system of transportation.

I have heard much comment relative to the congestion of our great railroad systems, and I believe this breakdown should not and can not be credited to any single circumstance or any indi-

vidual fault of any individual railroad or their system. Many things must be taken into consideration when seeking for the cause of this unfortunate event. In the first place, we have the unprecedented business activities of this war confined almost entirely to one section of this country. In fact, the New England States, the State of New York, and the State of Pennsylvania have seen many of their towns grow into cities within the period of a few weeks. This vast increase in transportation, made necessary by virtue of the largely expanded munition manufactories, steel plants, shipyards, garment manufactories, and so forth, and the added burden of carrying fuel, feed, and the other necessities of life to the many new inhabitants in that section has been a handicap which the railroads were struggling to overcome two years ago, and it was natural, I suppose, to place over 80 per cent of our war contracts with the large manufacturers of our Eastern States and quite natural for those manufacturers to increase the size of their plant in their old location rather than seek new sites in some other section of the country, but I believe time and money would have been saved if a larger percentage of our war contracts were given to the manufacturers of the Middle West or if the manufacturers in the eastern section of our country had utilized the manufacturing establishments in the Middle West, thereby spreading our war activities and permitting the machinists, the molders, and the men of the building trades to remain in their old homes, working in their old factories, thereby saving expense, time, and material necessary for the building of new homes and new factories; and last, but not least, segregating for transportation our millions of tons of finished war products to the seaports. It is a question in my mind if the railroads, although under Government control and a cooperative system of operation, will be able to handle efficiently the millions of tons of raw material and finished product that will have to be transported to and away from the New England section of the country. It may be more advantageous, even at this late day, to utilize the manufacturing establishments in the Middle West than to erect thousands of new homes in the New England States, and if my suggestion is acted upon I believe we will find it to be a permanent remedy for the freight congestion of that section of the country. No human being can do more than estimate the increased tonnage of all commodities to and from New England during the past year, but the increase in fuel alone that the railroads transported was 2,817,000 tons, and this coal was used in furnaces that were working night and day turning out munitions of all kinds. The experience of my people in the city of Buffalo and the county of Erie with fuel, or, rather, the lack of fuel, during the past few months has led me to try and suggest something that will prevent a repetition of those fruitless workdays. Another cause that assisted this congestion was the deplorable lack of sufficient storage or freight-house facilities at our manufacturing points, our ports, or any place between the points of departure and the destination of our immense tonnage of freight.

The men of this Congress can not realize what two and one-half million tons of freight for our allies and our own Army laying in the open upon the commons and docks of the city of New York represent in cost of human life to the cause of the allies. I hope the powers granted in section 6 of this act will be immediately taken advantage of. Our Barge Canal in the State of New York can and should be utilized at once. Thousands of tons of coal, wheat, lumber, steel, and so forth, can be transported upon its waters.

Mr. Chairman, I have the honor to represent a constituency of over 200,000 people; one-fifth, or about 40,000 of them, are employed by or identified with the railroads of this country, and I think the most important part in securing efficiency for the railroads is to have a contented body of satisfied employees; and I believe this is the proper time and place for me to brand as a malicious falsehood the story that is being circulated that the railroad employees are assisting in every way possible toward a complete breakdown of our railroad system. I know that the cost of living has advanced so rapidly during the past few years that it has been impossible for many of the really efficient and capable men—some of whom have large families to provide for—to remain in the service of the railroads; and I have talked with hundreds of railroad men from my district, and they are going to remain in the employ of the railroads as long as they can eke out an existence for themselves and their families if it will help to win the war. Mr. Chairman, I am personally acquainted with hundreds of men who are receiving less than \$3 a day, when they could double their income by seeking employment in some factory; and they are really depriving themselves and their families of the real necessities of life so as to be able to assist their Government in a position in which they are most competent to fill, and the Government should at the earliest pos-

sible moment grant a substantial increase in wages to all of the men employed in any department of the railroad. I hope the committee appointed by the Director General that has that subject matter under consideration will be able to make a report in the very near future, and that report should grant an immediate, just, and substantial increase in wage for the railroad employees. Mr. Chairman, under normal conditions I doubt if I would be in favor of the radical legislation contemplated in this bill, but I believe the Members of Congress are personally responsible for the welfare of our boys across the sea, and I am ready to go to the very extreme in securing a positive line of communication for the transportation of munitions and supplies of all kinds to them. And I believe the time has arrived for the Government, through action of Congress, to assume the responsibility for the personal welfare of the families of the 2,000,000 employees of the railroads. And to coordinate operation and unify under Government control the great railroad systems, at least during the period of the war, is the only solution that will solve our present problems.

In conclusion, gentlemen of the Congress, allow me to call to your attention this fact: In our urgent deficiency bill we appropriated \$3,000,000 for the transportation of soldiers. We will be able to save considerable bookkeeping and would be rendering an act of justice to our soldier boys if they were permitted to use the railroads gratis when upon Government business or when enjoying a furlough to their homes. I hope Mr. McAdoo will give this suggestion his serious consideration. [Applause.]

The CHAIRMAN. The gentleman from New York yields back the remainder of his time. The gentleman has permission to extend his remarks under the general order.

Mr. ESCH. Mr. Chairman, how much time have I?

The CHAIRMAN. The gentleman has seven minutes. Does the gentleman from Wisconsin desire to use the remainder of his time?

Mr. ESCH. Yes. I yield to the gentleman from New York [Mr. SNYDER].

The CHAIRMAN. The gentleman from New York is recognized for seven minutes.

Mr. SNYDER. Mr. Chairman, were I in favor of a deliberate and carefully planned movement to curtail efficiency and retard the efforts for a satisfactory rearrangement of the transportation systems of the country, I would vote to place in the hands of the Interstate Commerce Commission the sole power to regulate railroad rates, so long as those roads are under the supervision of the Government. If I desired to place upon the people, by direct taxation, the burden of paying for any deficit which may and which probably will accrue, not because of the management of the roads under Government control, but because of the condition surrounding them which affects and disturbs not only the business world but the entire population of the country, I would be willing to vote for delay and argument. I would be satisfied to await the result of that difference of opinion as between the active management of the roads and the only body which would thus have the power to say whether or not the shippers or the people must make good the deficiency. If I desired to belittle our Executive and to tie his hands at a moment when, perhaps, rapidity of action and quick perception might save not only time but embarrassment, I would vote for the proposition of dividing responsibility, though I agree that divided responsibility is an almost sure antidote for efficiency.

However, I believe that in times such as these the President of the United States must be sustained, and I have heretofore shown this belief in my votes on this floor. Further, I believe that the President, as the directing power of the railroads, stands as the president of every line which has been taken over and therefore his orders are to be obeyed and his policies in relation to transportation and rates carried out as if that order came from a railroad president in the course of the operation of his individual line, with power over every factor and policy.

I have no quarrel with the Interstate Commerce Commission. It has done a great work; it has proved equal to all emergencies in normal times. These times are not normal. We can not afford to procrastinate or to wait for argument in cases which will not admit of delay. We can not afford to saddle any tax upon the people which is not necessary, nor can we refuse to give them the alternative of not patronizing the men or class of men who will ultimately seek to take from the people the added cost of transportation should the railroad rates be raised.

There is no question that should the Interstate Commerce Commission be clothed with the power of rate fixing in this emergency, it would resolve itself into a judicial tribunal to adjust differences and gather information, while the President would be compelled to await that action in the face of a situation urgent and imperative. During this interim the shipper

would be favored and that favor would necessarily, without alternative, be paid for from the pockets of the people.

We have now conferred upon the President the power to raise wages, to increase the facilities and the upkeep of the roads; given him the responsibility of guaranteeing the roads a vast income, such as they have been making in the prior war years, and shall we now seek to take from him the only possibility he has to carry out these guaranties, except the possibility and probability of handling and operating the roads on a more efficient basis, thereby increasing their earnings sufficiently to make it unnecessary to raise the rates? Being the representative of the people, the President will have no incentive to do anything save to operate the roads in the interest of all the people, his sole thought being to so manage them as to bring about a successful conclusion of the war at the earliest possible moment.

Some time ago my judgment and experience showed me that the manufacturing interests and businesses of the country were outstripping and going ahead of our railroad facilities. I thought I could see the situation approaching us which has finally developed. A few weeks ago on this floor I made the statement that the railroads had fallen down. I further stated that the Garfield order was a fatal error. I believe to-day almost everyone agrees with this statement, and it is well known by shippers the country over that the same embargoes exist to-day that existed on the day that the Garfield order was promulgated. This is borne out in the papers this morning by Mr. Hoover. Cereal exports to the allies, he says, will be 45,000,000 bushels short by the end of February. The meat shipments are also short and far below the amounts promised. The corn crop is in danger because of lack of transportation; potatoes are spoiling in the producers' hands, and a menacing situation in all food-stuffs is before us, only because the railroads have fallen down.

Are we now to add to these difficulties by dividing the responsibility and take power from the Chief Executive, who has the matter in his hands, because of a sentimental or an individual business reason?

I am frank to say I believe the rates will be increased, whether by the Interstate Commerce Commission or by the President. I believe, too, that the President should be unhampered in his control and upheld in his efforts, the sincerity of which no one questions, to carry forward in unison the mighty and necessary volume of business the war has put upon us, in order that victory may not be unnecessarily delayed. [Applause.]

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the President, having in time of war taken over the possession, use, control, and operation (called herein Federal control) of certain railroads and systems of transportation (called herein carriers), is hereby authorized to agree with and to guarantee to any such carrier making operating returns to the Interstate Commerce Commission, that during the period of such Federal control it shall receive as just compensation not exceeding an annual sum (herein called standard return) payable from time to time in reasonable installments, for each year and pro rata for any fractional year of such Federal control, equivalent as nearly as may be to its average annual railway operating income (including therein such income of lines acquired by, leased to, or consolidated with such carrier between July 1, 1914, and December 31, 1917) for the three years ended June 30, 1917, and in addition thereto an annual sum payable, likewise in reasonable installments reckoned at a rate per cent to be fixed by the President upon the cost of any additions or betterments, less retirements or road extensions, made during the six months ended December 31, 1917; that any railway operating income accruing during the period of Federal control in excess of such standard return shall remain the property of the United States; and that each carrier so agreeing shall thereby become subject to all the provisions of this act. In the computation of such income, debits and credits arising from the accounts called in the monthly reports to the Interstate Commerce Commission equipment rents and joint facility rents shall be included. The standard return and the cost of such additions, betterments, or road extensions are to be ascertained by the Interstate Commerce Commission from the reports, books, and other pertinent data of such carrier and certified by it to the President. Its certificate shall, for the purpose of such agreement, be taken as conclusive of the amount of such average annual railway operating income and of such cost.

Every such agreement shall provide that any Federal taxes under the act of October 3, 1917, or acts in addition thereto or in amendment thereof, commonly called war taxes, assessed for the period of Federal control beginning January 1, 1918, or any part of such period, shall be paid by the carrier out of its own funds, or shall be charged against or deducted from the standard return; that other taxes assessed under Federal or any other governmental authority for the period of Federal control or any part thereof, either on the property used under such Federal control or on the right to operate as a carrier, or on the revenues or any part thereof derived from operation (not including, however, assessments for public improvements or taxes assessed on property under construction, and chargeable under the classification of the Interstate Commerce Commission to investment in road and equipment), shall be paid out of revenues derived from railway operations while under Federal control; that all taxes assessed under Federal or any other governmental authority for the period prior to January 1, 1918, whenever levied or payable, shall be paid by the carrier out of its own funds, or shall be charged against or deducted from the standard return. Every such agreement shall also contain adequate and appropriate provisions for the maintenance, repair, renewals, and depreciation of

the property, for the creation of any reserves or reserve funds found necessary in connection therewith, and for such accounting and adjustments of charges and payments, both during and at the end of Federal control, as may be requisite in order that the property of each carrier may be returned to it in substantially as good repair and in substantially as complete equipment as it was in at the beginning of Federal control, and also that the United States may, by deductions from the standard return or by other proper means and charges, be reimbursed for the cost of any additions, repairs, renewals, and betterments to such property not justly chargeable to the United States; in making such accounting and adjustments due consideration shall be given to the amounts expended or reserved by each carrier for maintenance, repairs, renewals, and depreciation during the three years ended June 30, 1917, to the condition of the property at the beginning and at the end of Federal control and to any other pertinent facts and circumstances.

The President is further authorized in such agreement to make all other reasonable provisions not inconsistent with the provisions of this act or of the act entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes," approved August 29, 1916, that he may deem necessary or proper for such Federal control or for the determination of the mutual rights and obligations of the parties to the agreement arising from or out of such Federal control.

If the President shall find that the condition of any carrier was during all or a substantial portion of the period of three years ended June 30, 1917, because of nonoperation, receivership, or any undeveloped or abnormal conditions, so exceptional as to make the basis of earnings hereinabove provided for plainly inequitable as a fair measure of just compensation, then the President may make with the carrier such agreement for such amount as just compensation as under the circumstances of the particular case he shall find just.

Mr. LONGWORTH. Mr. Chairman, a parliamentary inquiry. The CHAIRMAN. The gentleman will state it.

Mr. LONGWORTH. Is this bill being read by paragraphs or by sections?

The CHAIRMAN. By sections.

Mr. ESCH. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. ESCH: Amend section 1 by adding thereto, page 5, line 19, the following:

"Provided further, That every railroad not under control or operated by another carrier company and which has heretofore competed for traffic with a railroad or railroads of which the President has taken possession, use, and control shall be held and considered as within Federal control as herein defined, and shall be entitled to the benefit of all the provisions of this act."

Mr. ESCH. Mr. Chairman, I think this might be made a separate paragraph and the words "Provided further" might be stricken out. I will ask for that later.

The Committee on Interstate and Foreign Commerce believed that some consideration should be given to the short-line carriers. We were persuaded, as a result of two days of testimony by the representatives of such carriers, that some protection should be given to them during the period of Federal control. Therefore we inserted paragraph 9 of the bill, which gives them this degree of protection, namely, that their routing instructions and their traffic arrangements shall continue to be recognized during the period of Federal control, subject, however, to the superior rights of the Government in the shipment of war supplies and materials.

Mr. SNOOK. Mr. Chairman, will the gentleman yield?

Mr. ESCH. Certainly.

Mr. SNOOK. Is this the same amendment as that adopted by the Senate?

Mr. ESCH. Yes; identically. And the compensation which the Government is to make to the short-line carrier because of routing war materials and supplies is provided by the Government, so far as possible, distributing to these short-line carriers so much of unrouted freight as possible.

After more careful consideration of our House bill section 9, I have come to the conclusion that it does not give any substantial relief to the short-line carriers, and that if we would do exact justice to them we should put them in the same position as trunk-line carriers.

It is stated in the newspapers that—

With the approval of President Wilson the Federal Railroad Administration is about to interest itself in street railway, light and heat, and power companies throughout the country, whose finances may be threatened by mounting costs of operation. Where it appears necessary increase in fares or rates may be suggested.

It is essential that these utilities should be maintained at their maximum efficiency and that everything reasonably possible should be done with that end in view.

If it is intended that the Federal Government shall interest itself in all these public utilities, street cars, gas companies, and electric light companies, in order to stabilize the financial standing thereof, is it not equally necessary that he should also stabilize the financial standing of the short-line carriers? They can not operate under war control with the powers exercised by the Director General and live, because the Director General claims the right of routing the freight, and if he routes the freight, the short-line carrier, being deprived of its freight, can not for the action of the Government of the United States, by

must live upon the traffic it receives from the trunk line or the traffic it ships out on its own line to the trunk-line carrier, and on that account our provision of section 9 will not be a sufficient safeguard to these small carriers. They would doubtless live as they have lived heretofore had it not been for the war emergency.

The Secretary of the Treasury, in his testimony before our committee, when he was asked whether he would take over the short-line carriers, said that he did not wish to take cripples any more than the War Department would enlist cripples for the conduct of the war. By "cripples" he meant that many of these short-line carriers were in financial straits or not paying dividends. But I wish to call attention to this pertinent fact: We would not make the short-line carrier a cripple if it were not, for the action of the Government of the United States, by reason of routing the freight over the trunk-line carriers.

Mr. LENROOT. Mr. Chairman, will the gentleman yield for a question?

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. LENROOT. Mr. Chairman, I ask unanimous consent that the gentleman may have five minutes.

Mr. RAYBURN. I wanted to ask unanimous consent that the gentleman's time be extended five minutes.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

The CHAIRMAN. The gentleman from Wisconsin [Mr. ESCH] is recognized for four minutes more. Does he yield to the gentleman from Texas?

Mr. ESCH. Yes.

Mr. RAYBURN. In the consideration of this short-line question two things have been in my mind all the time, and two fears have come up with reference to it. One has been that if we take all of the short lines of the country it would probably make a charge upon us that would be staggering. The other has been that if we did not take them it would mean practical murder to them. Now, some Senator told me that an argument was made at the other end of the Capitol yesterday in which it was claimed that the short lines, taken all in all—not the little logging roads and things of that kind that in all probability would not be taken under the gentleman's amendment—were as self-sustaining and probably more so than the trunk lines. Does the gentleman have any facts on that, or any opinion as to that?

Mr. ESCH. If they are taken over they will be in no worse condition than they were prior to the taking over. So it would not be a burden on the Treasury of the United States. The fact is that we are putting them in a worse state than they were before war control began, and they are put in that condition through no cause of their own, but because of the exigencies of war. But I wish to say this, that if we are to stabilize the securities of carriers, we may well look to the stabilizing of the securities of the short lines, covering 30,000 miles in length, with \$1,200,000,000 of capitalization and \$800,000,000 bonds outstanding. Unless we stabilize them, their securities will depreciate in the market, and if they do we might have some bankruptcies and some receiverships, all of which would still further embarrass the credit of the Government.

Mr. RAYBURN. That has been my idea, about what would probably be the fate of the short lines if something more was not done to them than we have done by section 9 in this bill.

Mr. ESCH. Is the gentleman convinced—

Mr. RAYBURN. But what I wanted the gentleman's opinion on, and the facts in his possession if any, was as to what are we going to do for the short lines except take them over if his amendment is adopted? Are we going to insure them something, or do we intend to take them over and insure them only what they have been getting?

Mr. ESCH. I think that would be entirely within the discretion of the President under the agreement provided in section 1.

Mr. LENROOT. Will the gentleman yield?

Mr. ESCH. I yield to my colleague.

Mr. LENROOT. I should like to ask the gentleman with reference to the form in which the amendment is phrased. We have taken over the railroads under the war power declared by Congress; and does not the gentleman think it necessary to express that same purpose in this amendment? As the amendment now reads, the only purpose in taking them over is not to carry on the war but because they are competing with railroads that the Government has taken over; and I suggest to the gentleman that if he would consent to an amendment declaring that these roads are necessary for the prosecution of the war, it would bring these too within the war power.

Mr. ESCH. I certainly know that that is our intent. I had supposed, however, that putting this amendment at the close of section 1, it would be interpreted in the light of what is stated within section 1. However, if my colleague thinks that his suggestion would clarify and perfect the amendment, I have no objection to it.

Mr. LENROOT. I will offer such an amendment.

Mr. GARRETT of Texas. Before the gentleman offers that, will he let me ask him one question?

Mr. ESCH. Yes.

Mr. GARRETT of Texas. I want the gentleman to enlarge on that phase of his amendment where it refers to the short lines as competing lines, and to define the limitation of the word "competing," as to how many that would perhaps take in.

Mr. ESCH. No doubt the short-line roads must be competing roads under the interpretation of my amendment; and if the Federal Government assumes the supreme right and power of routing freight, it practically takes from them the power of competition, because they will not get the freight.

Mr. GARRETT of Texas. Does the gentleman understand that the short lines that are to be taken over under his amendment are practically all considered as competing lines?

Mr. ESCH. Practically so.

Mr. GARRETT of Texas. So that they would not be excluded by some executive order stating that they were not competing?

Mr. ESCH. No.

Mr. BANKHEAD and Mr. FRENCH rose.

The CHAIRMAN. Does the gentleman from Wisconsin yield; and if so, to whom?

Mr. ESCH. I yield to the gentleman from Idaho.

Mr. FRENCH. Is "competing line" so defined that it will not admit of some interpretation or construction that would rule out a good many lines that we are seeking now to relieve by the amendment?

Mr. ESCH. I think those words are well defined by the Interstate Commerce Commission, and that that is a well-understood expression.

Mr. GREEN of Iowa. Will the gentleman yield to me for a question?

Mr. ESCH. Yes.

Mr. GREEN of Iowa. I would like to inquire if a short-line railroad such as I have in mind, that is simply a feeder to another line, would be included in this amendment?

Mr. ESCH. Is it an independent line?

Mr. GREEN of Iowa. It is owned separately and operated entirely separately.

Mr. ESCH. Yes; it would be included.

Mr. MONTAGUE. Mr. Chairman, I desire to ask the gentleman from Wisconsin a question.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MONTAGUE. I ask unanimous consent that his time be extended two minutes, in order to enable him to answer an inquiry that I desire to propound to him.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that the time of the gentleman from Wisconsin be extended two minutes. Is there objection?

There was no objection.

Mr. MONTAGUE. I will ask the gentleman, my colleague on the committee, whether or not the section in the bill known as section 9, dealing with these short-line carriers, was not prepared and submitted to the Committee on Interstate and Foreign Commerce as being satisfactory to the short-line carriers?

Mr. ESCH. I do not know the origin of section 9. I only know that some very distinguished Members of the House presented it to the committee, and the committee indorsed it understanding that some of the short-line carriers approved of it. But since that date we have been getting communications from short lines throughout the United States to the effect that it would not meet their situation. So I have felt that we can well afford to incorporate the short-line roads in the general system.

Mr. MONTAGUE. My own memory was that a committee of the short lines drafted this amendment, and that it was submitted to the distinguished gentlemen whom you mention, as well as to our committee, as satisfactory to them.

Mr. ESCH. I do not know that; but I do know this, Mr. Chairman, that in the hearings the representative of the short-line roads, Mr. Robinson, offered a proposed amendment to the effect that the Federal Government should guarantee the indebtedness of the short-line carriers; but that did not meet with the approval of the committee.

Mr. NORTON. Will the gentleman yield?

Mr. ESCH. I will.

Mr. NORTON. I will say that I know from talking with several owners of short-line railroads that section 9 does not meet with their needs or demands at all. There is nothing in section 9 that would make certain that the Government would take over the short lines. Section 9 provides that the Government may send additional freight over these lines to compensate them for that which might be taken from them and sent over more direct lines in case of need, but in case the short line runs into a section of the country where the Government does not use the other lines at all in general transportation there is no provision for taking over the short line, and it may be injured very much by taking over the other lines by the Government.

The CHAIRMAN. Does the gentleman from Tennessee desire recognition?

Mr. SIMS. I did, but I want to wait until the arguments have been developed.

The CHAIRMAN. Does anyone desire to speak in opposition to the amendment?

Mr. MADDEN. I would like to be recognized.

The CHAIRMAN. In opposition to the amendment?

Mr. MADDEN. No.

Mr. BARKLEY. I desire some time, but I do not care to use it just now.

The CHAIRMAN. If no Member desires time in opposition, the Chair will recognize some other Member.

Mr. BARKLEY. Then, Mr. Chairman, I will take the time now. Mr. Chairman, I hope the amendment will not be agreed to. I do not know whether I can in five minutes' time give the reasons why it ought not to be adopted, but in the first place the President took over these railroads by reason of the act of August 29, 1916, which gave him discretion as to taking over certain systems of transportation or any part thereof. That law left it in his discretion to determine whether all the roads were needed for Government purposes, and the presumption is that they were taken over to aid the Government in winning the war.

Now, whether he has taken them all over or a part of them only is a question of fact. Whether he has taken over some that will not be needed and will turn them back to the owners, as provided in the bill, and also in the bill adopted by the Senate, is left to his discretion until the 1st of July. He is given that much time to determine whether any railroad system and how many are needed by the Government for war purposes.

Mr. QUIN. Is it not apparent that the Director General of Railroads will not take these short lines over?

Mr. BARKLEY. I do not know whether it is apparent or not, but if they are not needed by the Government of the United States they ought not to be taken over, and Congress ought not to force the President to take over the short lines or any other railroad not needed by the Government to carry on the war.

The representatives of the short lines came before the committee; they came rather in opposition to being taken over, though willing to be taken if necessary. They thought they had been taken over and they were opposed to the terms upon which they thought they were taken over.

Mr. DILLON. Will the gentleman yield?

Mr. BARKLEY. Yes.

Mr. DILLON. Do I understand the gentleman to say that the short-line people were before the committee opposed to being taken over?

Mr. BARKLEY. They thought when they came here that they had been taken over, and they came to protest against the terms of the bill or the compensation that they were to have if taken over.

Mr. DILLON. As a matter of fact, were they not in favor of being taken over?

Mr. BARKLEY. I think after they found that they were not taken over they immediately concluded that they wanted to be taken over. But, be that as it may, it is an unwise policy to load the Treasury with the burden of taking over a lot of short-line railroads that will not be needed by the Government in the transportation of war material or in the conduct of the war.

I have in view a little short-line railroad of 12 miles in length. There is no use that it could be put to in the conduct of this war, and yet under the terms of the gentleman's amendment the Government will be compelled to take it over, and if it does not come within the terms of section 1 it can go into the Court of Claims and set up a claim for compensation. It seems to me that we ought not to compel the President to take over some insignificant railroad that wants to be taken over because we have provided a method of compensating them.

Mr. LENROOT. Will the gentleman yield?

Mr. BARKLEY. Yes.

Mr. LENROOT. Is the gentleman in favor of the provision that authorizes the President to purchase securities of railroads?

Mr. BARKLEY. Yes.

Mr. LENROOT. Does the gentleman think that the purchase of securities is necessary to the prosecution of the war?

Mr. BARKLEY. It may not be necessary now, but it may become necessary when the railroads attempt to compete with the Government in the money markets of the world.

Mr. WINSLOW. Will the gentleman yield?

Mr. BARKLEY. I will.

Mr. WINSLOW. Is it the gentleman's judgment that many financial institutions in certain parts of the country are carrying the securities of many of these short-line roads?

Mr. BARKLEY. I do not know in what proportion, but I presume that some financial institutions are carrying securities of these lines.

Mr. WINSLOW. Am I not right in stating that the evidence before the committee was largely to the effect that a majority of the short lines had securities pledged to the banks in their district?

Mr. BARKLEY. It is true, and equally true that a great number of short lines, from a business standpoint, ought never to have been constructed. They were constructed to reach out into sections of the country where it was hoped that they would be money-making institutions, but they were not. These will be taken over under the gentleman's amendment the same as those that have been more prosperous. There are many institutions going to be affected by the war that the Government can not take over or guarantee because they may be affected in some disadvantageous way by the operation of the trunk-line railroads or as a result of the war.

Mr. WINSLOW. I want to ask the gentleman if in his judgment it would not be a great calamity to have a large number of institutions embarrassed by virtue of the omission to take over these roads?

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. BARKLEY. Mr. Chairman, I ask unanimous consent to proceed for three minutes more.

Mr. SIMS. Mr. Chairman, before we go any further, I want to ask the gentleman from Wisconsin [Mr. ESCH] if we can not agree on some time to debate this amendment, which is entirely new both to the committee and the House, and that the time be divided equally.

Mr. ESCH. Mr. Chairman, I am willing to make such an arrangement. I have requests now for 30 minutes.

Mr. SIMS. Then, I ask unanimous consent that further debate on this amendment and all amendments to the amendment shall be concluded in one hour, the gentleman from Wisconsin to control one-half of it and I to control one-half.

Mr. FORDNEY. Mr. Chairman, will the gentleman yield to the gentleman from Minnesota [Mr. SCHALL]; who desires to be heard?

Mr. SIMS. On this amendment?

Mr. FORDNEY. Yes.

Mr. SIMS. It is according to whether he favors it or is against it.

Mr. FORDNEY. He desires to offer a letter that he received from a railroad man and he would like to have time to insert it at this time.

Mr. SIMS. If he is for the amendment he can get time from the gentleman from Wisconsin [Mr. ESCH].

Mr. CANNON. Mr. Chairman, I desire to make a suggestion. I have no objection now to proceeding for an hour with the consideration of this amendment or such amendments as may be offered to it, and then at the end of the hour, if it seems to be that the question has been fairly discussed, debate could be closed. I suggest to the gentleman that he let it run along for an hour.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that all debate upon this amendment and all amendments thereto shall close in one hour, one-half of that time to be controlled by himself and one-half by the gentleman from Wisconsin [Mr. ESCH]. Is there objection?

Mr. ESCH. Mr. Chairman, I suggest to the gentleman from Tennessee that we make it an hour and 20 minutes.

Mr. SIMS. Very well, I accept that amendment.

Mr. CANNON. Mr. Chairman, I suggest again to the gentleman now that he proposes an hour and twenty minutes, that this question has not received much consideration by the tenderfeet—neither has the bill; and by the tenderfeet I do not mean the white-button mandarins, with great respect to the gentleman and his committee who have reported this bill; but there

are 420 of us here who are not on that committee. The reason I ask the gentleman to extend the time is this: If it be true that a billion of dollars plus is invested in these short-line roads, and if they are taken, the presumption is that in whole or in part they will be thrown into the scrap. If the Government takes over the roads that are not short lines, and thereby throws a billion of dollars of property into the scrap heap, is it at all just that something of compensation should not be made?

Mr. SIMS. The gentleman is arguing the merits of the proposition.

Mr. CANNON. I am not asking the gentleman in respect to the merits of the proposition, but suggesting to him its importance. I hope he will let it run along for a time.

Mr. SIMS. Oh, an hour and twenty minutes' time is all that is asked for by the leader on that side, and I have consented to that. That seems to be fair.

Mr. CANNON. The gentleman who is the chairman and the leader of the committee on this side can not agree without consulting the remainder of us.

Mr. SIMS. I submit the request, and that is all I can do; that debate upon this amendment and all amendments thereto close in an hour and twenty minutes, one half to be controlled by the gentleman from Wisconsin [Mr. Esch] and the other half by myself.

Mr. CANNON. And the gentleman declines—

Mr. TOWNER. Mr. Chairman, if the gentleman from Illinois will pardon me, I think it will not be necessary for a limitation to be made in the division as to the affirmative and negative. I think perhaps there are two or three times as many who desire to speak for the amendment as against it, so that if the time be divided by the gentleman on this side and on his side I think very likely that all who desire to speak upon the question can be taken care of.

Mr. SIMS. I have suggested that the time be divided equally between the gentleman from Wisconsin [Mr. Esch] and myself, to be yielded by us.

Mr. TOWNER. But the gentleman suggested that it be divided in respect to the affirmative and the negative of the question, and I suggest that he control the time, granting to those upon that side, whatever their position might be upon the amendment, and the time here to be granted to those on this side that desire to speak, that all might be taken care of.

Mr. SIMS. But it is more logical to control with respect to the affirmative and the negative of a proposition.

Mr. TOWNER. I agree to that, but I think the other would save time in this instance.

Mr. SIMS. Mr. Chairman, my request has been submitted. We do not know how many amendments are to be offered to this section. Now, after debate has run along upon this amendment for half an hour, I am suggesting 1 hour and 20 minutes more under this rule, and it seems to me that that is extremely liberal for one amendment.

Mr. GREEN of Iowa. If the gentleman does not propose to give any further opportunity for amendment, I shall have to object.

Mr. KINCHELOB. Mr. Chairman, I demand the regular order.

The CHAIRMAN. The regular order is demanded. Is there objection to the request of the gentleman from Tennessee that debate continue for an hour and twenty minutes on this amendment and all amendments thereto, one-half to be controlled by himself and one-half by the gentleman from Wisconsin [Mr. Esch]?

Mr. GREEN of Iowa. Mr. Chairman, I object.

Mr. SIMS. Mr. Chairman, I move that all debate upon this amendment and all amendments thereto close in 1 hour and 20 minutes.

Mr. CANNON. And to that motion I offer an amendment striking out "1 hour and 20 minutes" and inserting "2 hours."

The CHAIRMAN. The gentleman from Tennessee moves that all debate upon this amendment and all amendments thereto close in 1 hour and 20 minutes. To that the gentleman from Illinois offers an amendment that all debate close in two hours. The question is on the amendment of the gentleman from Illinois.

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The question now is on the motion as amended, that all debate on this amendment and all amendments thereto close in two hours.

The question was taken, and the motion was agreed to.

Mr. SIMS. Now, I did not notice whether the gentleman from Illinois included in his motion that one-half of the time should be controlled by the gentleman from Wisconsin and the other half by myself.

Mr. CANNON. I think it had better be left with the Chair. Evidently the gentleman does not need as much time in opposition to this amendment as those who are for the amendment.

Mr. SIMS. The Chair will recognize the gentlemen alternately, and then only for five minutes, and certainly the gentleman from Wisconsin and myself can serve the membership better than the Chair.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that one-half of the time be controlled by himself and one-half of the time be controlled by the gentleman from Wisconsin. Is there objection? [After a pause.] The Chair hears none. The gentleman from Tennessee is recognized for one hour.

Mr. SIMS. I yield five minutes additional to the gentleman from Kentucky.

Mr. BARKLEY. Mr. Chairman, under the terms of the law under which the President took over these roads it was provided that he might take possession or assume control of any transportation system or systems or any part thereof. Now, it does not follow, and I do not think the Members of the House ought to presume, that merely because a railroad is a short-line railroad that it is not taken over. There are many short-line railroads that are taken over. There are many short-line railroads that will be taken over if they have not been already taken. The question that governs the President of the United States and which he must consider in determining whether a particular line of railroad is taken over is the question within the meaning of the act of August 29, 1916, as to whether it is a system of transportation or a part of a system of transportation.

Mr. SNYDER. Will the gentleman yield?

Mr. BARKLEY. I yield to the gentleman from New York.

Mr. SNYDER. With reference to the Government's responsibility in taking over a short-line railroad the Government will have no further obligation than to keep the road in the condition it received it and hand it back in as good a condition. Is that right?

Mr. BARKLEY. That is not all.

Mr. SNYDER. The Government takes no responsibility in paying larger earnings to the short-line roads than they are now making or were making in the three prewar years?

Mr. BARKLEY. If the Government is compelled to take over all short lines in fixing compensation, they will be entitled either to have a contract with the Government for the period of Government control or they will be entitled to go to the Court of Claims under the provisions of the bill and establish what they are entitled to for the use of the road while the Government has it.

Mr. SNYDER. But that could not be more than it was in the three prewar years?

Mr. BARKLEY. It could not be more if they come within the provision of the standard return and they enter into a contract with the President based upon the standard return; but suppose these short-line railroads have made no earnings during the period of three years?

Mr. SNYDER. That is what I am trying to get at.

Mr. BARKLEY. Suppose they have no standard return in that period. Then they do not come under the standard return, but there must be a contract on the basis of the standard return or come under special abnormal circumstances that entitle them to a more liberal consideration than they would have been entitled to under the standard return; and the standard return, of course, being averaged on the net operating income for the three-year period, and having no net operating income on which to base a standard return, they will have the right to demand of the Government a special contract with them covering the period of Federal control or go to the Court of Claims and establish a claim against the Government for their use. It may not be necessary to haul more than one freight train over one of these short lines to bring it within the terms of the bill, and they could either demand a contract of the President or go to the Court of Claims to ascertain their claim against the Government.

Mr. SNYDER. After all, I can not see wherein the President, or whoever would make this contract with the railroads, would get any authority from this bill to give the short lines more than they are now getting.

Mr. BARKLEY. It would give no authority to give more than the standard return, but you understand there are many of these short lines that have no standard return because they have no net operating income during the three-year period, and therefore are put in the class of special, unusual circumstances or abnormal conditions that the President must take into consideration in entering into separate contracts with those railroads, and which will be extremely unwise with such obligations upon the Treasury.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ESCH. Mr. Chairman, I yield four minutes to the gentleman from Missouri [Mr. RUSSELL].

Mr. RUSSELL. Mr. Chairman, I do not assume to be an expert on the railroad question, neither do I believe I am well versed in all the intricacies that are involved in this important bill, but I do believe I have a few practical ideas about the result that will follow if this bill is passed as it now is and without this amendment. We propose by this amendment to take in short lines as well as long and more important lines. I have no doubt that it was important to the Government during this war to take the railroads over as has been done as a war measure, and as such I am for it. No Member in this House will go further than I will go to sustain the President in his efforts to win the war. The gentleman from Kentucky [Mr. BARKLEY] says it may not have been necessary for the Government to take these short lines for its purposes, but I submit that if the Government takes the large and important railway systems of this country to the exclusion of the others, that it will have left them out in the cold and will, as the gentleman from Illinois [Mr. CANNON] said, simply put them in the scrap heap. There are seven of these railroads in my district. I know how very important they have been to that section of the State: First, they have developed the country. There have been built along these lines a number of important and progressive cities, and if these railroads are left out of this bill, and they are not taken over by the Government with the others at this time, they will lose their credit; you will destroy the capital invested in them, you will hurt the towns that have been built along these lines, you will take from the people adjacent to these roads their present mail and transportation facilities or greatly lessen their efficiency.

Some one in this discussion has said the Government did not take cripples in the draft, and should not take small crippled railroads. The illustration was both unfair and unfortunate as an argument. True, the Government did not take the boy who was weak and crippled, but it did not add to his infirmities. If he had lost one leg, the Government did not cut off the other. This proposition is to take large competing railway systems, throw the strong arm of the Government around them, but leave the small roads to "root, hog, or die," with the powerful support of the Government extended to their competitors. By such legislation you will lessen the business of the short roads, you will destroy their credit, you will do them an injury that is vast and will be irreparable.

Mr. BARKLEY. Will the gentleman yield?

Mr. RUSSELL. I have but a moment's time. If I had I would be glad to yield. I will yield if you will give me the time.

Mr. BARKLEY. I have not got it.

Mr. RUSSELL. I know that these railroads have been very important to the country, and they have usually been built by local capital. The gentleman from Texas [Mr. HARRY]—I do not know whether he is present to-day or not—told me yesterday that he knows of one instance where a lady has her all invested in stocks or bonds of a short-line railroad. She had made arrangements to sell her holdings and believed she was going to be able to sell to good advantage; but when this action by the Government was taken the contract fell through, and that lady now seems likely to be pauperized unless these small railroads are included in this order or in the benefits of this bill.

I submit that this Government is too big, it is too magnanimous, to do an injustice of that sort; that is, to pauperize thousands of people in this country by such a discrimination. I was impressed with the splendid speech made by the gentleman from Pennsylvania [Mr. DEWALT] when he was talking about the large interests involved in this proposition—first, he said, the millions invested in railroad property; then the 1,750,000 employees that do the work. The distinguished gentleman from Illinois [Mr. CANNON] then reminded him that there were 110,000,000 people in the United States also interested. We can not say how many, but I doubt not that there are thousands of people to-day interested in the stocks and bonds of these little short-line railroads, and oftentimes women and children in our home communities. I do not care whether the Government needs them or not; it can not afford by affirmative action of this sort to do that which will certainly result in great injustice to a large number of the people of this country, not only the stockholders but the shippers and citizens along these lines.

This amendment should be passed. You ought to carry out by your vote to-day the Democratic and Thomas Jefferson idea of "equal rights to all, special privileges to none." [Applause.] I submit that this amendment ought to be carried as a matter of justice, even if it does not prove to be a good financial invest-

ment on the part of the Government. I know of post offices in my district that are run at a loss to the Government, and I know of rural routes that are so run, but they are conducted for the convenience and for the benefit of the people. The rights and the interests of the people should be considered now. Is the Government going by this act to pauperize thousands of people in this country that have by their courage and enterprise built up and developed our country and towns along these lines? I hope not. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. SIMS. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. WEBB].

Mr. WEBB. Mr. Chairman, I do not care to be personal, but it is necessary in order to make this statement. I am interested in the short-line railroads, as there are something like 43 in North Carolina. After a conference with a number of gentlemen who are vice presidents and secretaries and treasurers of these short lines, they wanted something done to protect them in case this railroad bill passed. They told me they were not asking that the Government take them over, though they were perfectly willing to be taken over, but their chief concern was that if they were not taken over by the President's order nothing should be done that would injure them so as to destroy their securities, \$800,000,000 of which are outstanding. A number of us got together, among them the gentleman from North Carolina [Mr. KITCHIN], and we drew the main features of this section 9 of the bill, which seemed to be satisfactory to the short-line railroad representatives who were here at that time.

One of them who was present was Mr. Robinson, president of the Short Line Roads of the United States, who had just gotten out of the hospital after 10 days' illness, and was in my office.

Mr. SIMS. Mr. Bird Robinson, a representative of the Short Line Association.

Mr. WEBB. He struck me as being an intelligent man. I do not know where he lives. I read this section 9 to him, and he said that it was satisfactory. He realized that they could not get all they wanted, and that that was the best they could hope to do under the circumstances. This section simply takes care of them and leaves them in statu quo, as we say, in case the President does not take over a short-line road which he conceives not to be useful to the Government in time of war.

The main thing the little roads wanted, it seemed to me, was that routing instructions over these small roads should not be interfered with by the Government. In other words, that if a man wanted to ship a car of freight to Ohio by way of a short line, the freight each way being the same, he ought to have the right to select the road over which he ships. That is where the competition in securing freight comes in. That is why agents go out and solicit freight for their roads. They wanted, if a shipper should route freight over their short-line roads that were not taken over by the Government, to let that routing stand, and not permit the Government to do anything to deny the shipper the right to direct the freight over a short-line road.

Now, that is the first thing we covered in the section. The next thing, they ought to be protected in their traffic arrangements and agreements with the big roads; that the taking over of a trunk line by the Government ought not to permit the Director General or anybody else to uproot and destroy their reasonable traffic arrangements which were permitted under the interstate-commerce law; and therefore we added that nothing in this act should be construed to change routing instructions and traffic arrangements on such lines as may not be taken over by the President.

Mr. GREEN of Iowa. Will the gentleman yield there?

Mr. WEBB. Yes.

Mr. GREEN of Iowa. The gentleman realizes, of course, that there are a large number of these short lines which are merely feeders to the other lines. Now, I think that the provision that the gentleman has just referred to would not protect these roads if the main lines were to continue to be operated in the same manner as they were operated before, but does not the gentleman think that when the Government orders certain routings over these roads that that will interfere with all the freight over the roads and interfere with these short lines?

Mr. WEBB. Not if section 9 is obeyed. We provide that nothing in this act shall affect the routing instructions over or traffic arrangements of such roads as are not taken over by the Government unless the routing instructions prejudice the movement of Government supplies or war materials. If that is done, nobody would object. We thought further that there might be a case of a jam or a blockade at some point, when it would be to the public interest to route freight temporarily away from a small line, which would ultimately relieve the jam, and at the same time take away some of the routing over the small roads. Therefore in case that is done, then a sufficient amount

of unrouted freight after the emergency is passed may be routed over the short-line road to compensate the short-line road for its temporary loss in revenue.

Mr. GREEN of Iowa. Such lines as I refer to are merely feeders, and the routing has nothing to do with it, because it all has to go over that route anyway. Then if the interline arrangements are interfered with by reason of military necessity on the main line, what is to compensate the short line or the feeding lines?

Mr. WEBB. I can not very well conceive how a short feeder line would be very material in transporting war material. If it is, it is the duty of the President to take it over.

Mr. GREEN of Iowa. Corn is a war material, and wheat and cattle and hogs are war materials. We could not conduct the war without them.

Mr. WEBB. I do not care to define what "war material" is. Therefore if you leave it to the President's judgment to take over any railroad that is of advantage in the conduct of the war, he will take over such line—the big lines and the small lines also. Why should we give him the discretion to take over such through lines as he thinks are necessary to the conduct of the war and compel him to take over the little lines, whether they are useful in the war or not?

Mr. GREENE of Vermont. Mr. Chairman, will the gentleman yield?

Mr. WEBB. Yes.

Mr. GREENE of Vermont. Is it not the conclusion that the diversion of traffic made necessary for war purposes might act in the nature of a tying up, as an artery is sometimes tied up, for instance? That would prevent their having any circulation of traffic at all.

Mr. WEBB. In that event the President could take over the short-line railroads. If it hauls a sufficient amount of war material to make important the movement of its freight for war purposes, it ought to be taken over.

Mr. GREENE of Vermont. No. On the contrary, if it were permitted to continue its existing traffic arrangements with a through system it would support itself, but if that traffic is diverted it would have little or no freight. Many of these short lines do not originate much traffic and do not themselves deliver traffic at the terminals. They are little links or little parts not yet swallowed up in the larger systems. Now, if the traffic on the main line is diverted by military necessity, it amounts to a tying up of this artery and thus stopping the circulation. There are many lines that are not a part of a main system. They do not lead to a terminal.

Mr. WEBB. The gentleman would not want to starve out a whole community by not running the trains.

Mr. GREENE of Vermont. They might be deprived of earning their fair share of transportation income, because perhaps there would be no traffic of importance subsequently that could be sent over their line for reasons of geography. You can not force any or all traffic over them regardless of its destination.

Mr. WEBB. When a diversion of freight from a short-line road will relieve the emergency, then it is the duty of the Director General when the emergency is over to route freight over that short-line railroad in sufficient amount to compensate it for the loss of business while relieving the emergency.

Mr. GREENE of Vermont. But there are roads that are feeders, as has been said, and there are people who have their money invested in them, and they do not want to see them go out of business.

Mr. WEBB. After the emergency is over enough freight will be routed over that little road to pay it back for the loss it has incurred on account of the emergency.

Mr. GREENE of Vermont. But there may not be enough traffic that must or can go over that road in order to reach the destination.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. WEBB. Yes.

Mr. SNYDER. Referring to the gentleman's statement, to the effect that some short lines operate only a part of the year and therefore can be put out of business, we might just as well put out of business the Erie Canal, for example, because it runs only seven months in the year.

Mr. WEBB. I do not look for emergencies lasting seven months. If the emergency arises by which the public must be relieved by the rerouting of freight, nobody would stand in the way of the rerouting in the emergency; but I can not see an emergency lasting more than a few days or a few weeks, and if the Director General is directed to reroute enough traffic over that little road to compensate it for the loss I do not see how that road will be damaged.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. ESCH. Mr. Chairman, I yield three minutes to the gentleman from North Dakota [Mr. Norron].

Mr. NORTON. Mr. Chairman, the provisions of this bill should be fair to all the railroads, to the short-line roads as well as to the trunk lines and transcontinental lines. This amendment should receive the approval of the committee for the reason that section 9, which attempts to provide for the short-line railroads, does not make definite or certain what short-line railroads will or may be taken over by the Government. Section 9 does not at all provide adequately or fairly for short-line roads.

The short-line railroads are the ones that for the most part have been promoted by local capital. They are the pioneers in railroad building. They are the ones that reach out into sparsely settled regions and develop new sections of the country. I do not believe that anything should be placed in this bill or that anything should be left out of the bill that would tend to destroy short-line railroads. The taking over of the large trunk-line systems of the country will as a matter of fact disarrange the money market and make it impossible for many of these short-line railroads to finance themselves. If they are not taken over by the Government on an equal basis with the other lines, a great injury and injustice will be done to most of them. The provision in section 9 of this bill does not at all take care of the situation that these short lines will have to meet.

Mr. DECKER. Mr. Chairman, will the gentleman yield?

Mr. NORTON. Certainly.

Mr. DECKER. I want to ask the gentleman a question, if he has the time to spare?

Mr. NORTON. All right if the gentleman will make it brief.

Mr. DECKER. Well, I wish you would point out how by taking them under Federal control you give them a chance to finance themselves?

Mr. NORTON. It will do that in the same way that the taking over of the trunk line roads by the Government will stabilize and strengthen their financial condition. It will insure at least a fixed and definite minimum operating income for these short lines.

Mr. DECKER. What part of the bill, if you take them over, will give them a fixed income?

Mr. NORTON. What part of the bill?

Mr. DECKER. Yes.

Mr. NORTON. The bill provides that the railroads shall be guaranteed by the Government an annual operating income equal to the average annual income for the years 1915, 1916, and 1917. All I want to do is to put the short-line railroads on at least as favorable a basis as the trunk lines. This in justice should be done for them. If we are going to take over the railroads of the country, I believe we ought to take over these short lines. Further than this, I am not only in favor of the taking over of the railroads by the Government during the war, but I am also in favor of the Government taking over the permanent ownership and control of all the railroads of the country.

I have carefully studied the provisions of section 9 of the bill, and I know they are not fair to the short-line railroads owned by farmers in many sections of the country. The amendment that has been offered by the gentleman from Wisconsin [Mr. Esch] that these lines be taken over is a fair, reasonable, and just provision.

Mr. ROMJUE. Will the gentleman yield?

Mr. NORTON. Certainly.

Mr. ROMJUE. Does not the gentleman think that if the short lines were not taken over, and at the conclusion of the war the railroads were released and turned back to their private operations, a great injustice would result to the short-line roads, and that they would be put practically at the mercy of the larger railroads of the country?

Mr. NORTON. Many of the short-line roads in that event would be completely bankrupted. We would likely have few short-line roads left at the conclusion of the war. The country would not have the benefit of the competition these short lines give us to-day. It would lose the benefit of many lower rates of transportation brought about by the operation of the short lines.

Mr. ROMJUE. And will they not be placed at the mercy of the larger railroads of the country?

Mr. NORTON. Certainly.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ESCH. I yield five minutes to Gov. SANDERS, of Louisiana, a member of the committee.

Mr. SANDERS of Louisiana. Mr. Chairman, there are 30,000 miles of short-line railroads in America. Those 30,000 miles have outstanding in the neighborhood of \$2,000,000,000 of securi-

ties. If these lines are not taken over under this bill it practically means bankruptcy for them. The amendment that has been spoken of by the gentleman from North Carolina was put into the bill at the suggestion of the short lines, but it was in no way agreeable to them. It was considered to be the best that could be gotten from the committee. Every representative of the short lines who appeared before our committee was in favor of those lines being taken over by the Government. It is true that they objected to the remuneration offered, but every one of them stated that unless they were taken over by the Government and were treated fairly it meant bankruptcy for them. And that is easily understood, gentlemen of the committee, because if we have in this Nation two systems of roads, one controlled and run by the Government, the great trunk lines, and the other, the short lines, controlled and run by private individuals, it simply means that there will be no freight routed over the short lines, and it means that the Government in taking over the trunk lines will have taken from the short lines their means of sustenance. To-day all the freight that the short lines get is obtained through solicitation. If the Government controls and operates the trunk lines, the Government will route the freight as the Government sees fit, irrespective of any solicitation. There is not a trunk line to-day in America but what has been made up of short lines. The short line is the pioneer. The men who build the short line gamble with the future. They risk their money, and often, in fact, almost universally lose their money, but it goes to the upbuilding of the community, and the short lines joined together ultimately become the trunk line. It is therefore absolutely essential for the future development of transportation in this country that the short line be not starved to death, but that that line be fostered and taken care of by the people. Now, if the Government is taking the place of railroad management, the Government itself ought to take over the short lines, just the same as the Government is taking over the trunk lines. There can be no question but what if this Government takes over the short lines as it has taken over the trunk lines it will not only save the short lines from bankruptcy, but it will benefit the country. I wish to call your attention to the fact that when the Government took over the great lines by the same order it took over every short line; and when these gentlemen appeared before our committee they stated that they were in the position of Mahomed's coffin, being neither in the heavens nor on the earth, that they were suspended in midair. They had been taken over by the order of the Director General. They exhibited their orders to the committee, and yet they stated that they did not know whether they were a component part of the national system or whether they would be put into the discard.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SIMS. Mr. Chairman, in view of the time occupied by the gentleman from Wisconsin [Mr. ESCH], and in view of the fact that Gov. SANDERS, a member of the committee, used no time in the general debate, I feel that I ought to yield to him five minutes, which I accordingly do.

Mr. SANDERS of Louisiana. If we have this double-barreled system of roads in this country, and then if we go further in the bill and adopt a double-barreled system of rate making, we will then have this condition confronting us: The great lines will be controlled by the Government, the rates will be fixed by the President, the little lines will be controlled by their owners, and their freight rates will be fixed by the Interstate Commerce Commission.

Mr. TOWNER. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Louisiana. Certainly.

Mr. TOWNER. The gentleman is making a most illuminating statement; but I want to make this suggestion to him, that what he says may occur will absolutely occur if the provisions of this bill are carried out, because the provisions of this bill give the power to the President to make rates in reference to those roads that are taken over.

Mr. SANDERS of Louisiana. No one knows that better than myself, and no one has fought harder against that in the committee than myself.

Mr. TOWNER. So there will be two systems.

Mr. SANDERS of Louisiana. There is bound to be what I designate as a double-barreled system of roads and of rate making. I contend, gentlemen of the committee, that every single, solitary mile of rail in the United States is a component part of our transportation system. [Applause.] And every little road, no matter where that road is situated, no matter what it hauls, every road in America is to-day hauling war material, for this reason: Wars are no longer fought by armies. Wars are fought by a people, organized and efficient for that purpose; and the little road that hauls wheat hauls war material, and the little road that hauls lumber hauls war material,

and every one of these short lines to-day are transporting war material that goes to make up the efficiency of this Nation; and every single, solitary mile of railroad in America ought to be taken over under this bill, ought to be administered as a whole, ought to have the Government's arm around it; and I call your particular attention to this, that no harm can come to the Treasury of the United States by taking over these short lines, for the reason that their remuneration is fixed in the bill.

The trunk line, if you please, has a handsome return under this bill. The short line will get practically nothing except the strong arm of the Government around it, to see it through this crisis, and see that it is not robbed of its means of sustenance during this time of war.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. SANDERS of Louisiana. I will.

Mr. GREEN of Iowa. I concur with what the gentleman has so forcibly stated, but I wish to call his attention to the fact that as the amendment is drawn the feeders which constitute the largest portion of the short lines would not be included.

Mr. SANDERS of Louisiana. I can not agree with that construction, and if it does not, then it ought to be because my contention is that every mile of railroad in this country constitutes the transportation system by rail of this country. It ought to be coordinated, each mile with the other, and then it ought to go further than that, every mile of navigable waters in this Nation ought to be coordinated with every mile of railway transportation. [Applause.] Then when the rail and the water lines shall have been coordinated, and not until then, will we have a transportation system worthy of the name in America. [Applause.]

Mr. SIMS. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. DECKER].

Mr. DECKER. Mr. Chairman and gentlemen of the committee, I wish to say that I most heartily indorse the sentiments and expressions of the gentleman from Louisiana [Mr. SANDERS] than whom there is no abler man on the Committee on Interstate and Foreign Commerce, and, in my judgment, it will not be long before he will be recognized as one of the ablest in this legislative body. [Applause.]

But I hope the distinguished gentleman will not call it presumption on my part if I point out to him in a brief way that this amendment which is proposed here in no way reaches the object which he seeks. What he said relative to the short-line railroad owners coming before our committee is true, but I think the distinguished gentleman will bear me out that I was one of the first members of the committee who, in defense, took up the cudgel in their behalf. I did it for the very reason stated by the distinguished gentleman from Louisiana, because I felt that every means of transportation in this country should be coordinated and, as far as possible, utilized, and I thought that the Treasury of the United States and the people of the United States were strong enough to bear the burden, if burden there be.

In opposing this amendment I want it understood that I do not oppose it on the ground that we owe nothing to these short-line railroads. I do not indorse the sentiment of the distinguished Secretary of the Treasury, to wit, that in time of war we take only the stalwart men and leave the cripples, and therefore in time of war we take the strong railroads and leave the weak ones. The difference in that argument is that we take the strong men and leave the cripples, but we do not injure the cripples when we leave them. All we want in this bill is some method, if it can be devised, to not injure the railroads that are left and not taken over.

I want to point out that this amendment does not better their condition very materially, and, in fact, I have some grave doubts if it benefits them at all. True, the amendment is worded so that they can be taken over and shall receive all the "benefits under the bill," but I have not heard anybody yet state what specific benefits they will get under the bill as now drawn.

The reason I voted for the amendment we put in the bill, section 9, to leave them as they are, but not to interfere with the traffic arrangements, was because it was agreed to by the presidents of the short-line railroads, whose representative, a very able man and who seemed to be a fair man, came before our committee at the time they thought they were being taken over, as has been stated, and what he objected to was that under the provisions of the bill as then written, and as it is now written, there was no method to pay them what they thought they were entitled to, or a sufficient amount even to keep them out of bankruptcy.

Now, you gentlemen who are interested in the short-line railroads, I want you to listen to me a minute, because although I may not be as able as these men, I think I have a point that you

should consider and perhaps can work out better than I can. They came before our committee and said: "Your standard return provides only for railroads that have been getting an income during the last three years. Almost every short-line road that came before our committee by representatives stated that—that for one reason or another they had not been making anything, or, at the most, very little, during the last three years, and what they objected to was that there was no provision in the bill to give them anything except at the end of a very expensive and tedious lawsuit.

Mr. TOWNER. Will the gentleman yield?

Mr. DECKER. I will.

Mr. TOWNER. I was going to suggest to the gentleman that at that time they were not aware of the provision in the bill that was afterwards inserted, as I understand it, giving the President the power to take care of exceptional cases.

Mr. DECKER. I was just coming to that, and I am glad the gentleman mentioned it. It is a very pertinent question. In my opinion that in nowise betters conditions.

This is the section to which the gentleman from Iowa referred, and I want you to pay particular attention to it:

If the President shall find that the condition of any carrier was during all or a substantial portion of the period of three years ended June 30, 1917, because of nonoperation, receivership, or any undeveloped or abnormal conditions, so exceptional as to make the basis of earnings hereinabove provided for plainly inequitable as a fair measure of just compensation, then the President may make with the carrier such agreement for such amount as shall compensation as under the circumstances of the particular case he shall find just.

But the man who wrote the bill, Mr. ANDERSON, pointed out to us that it in no way, according to his judgment, changed the situation, because let no man deceive himself, neither the President of the United States nor the Director General is going to say to a railroad that has not been receiving anything for the last three years, "I will give you 6 per cent or 3 per cent or 10 per cent" without some careful and painstaking investigation to find some reason why they should be paid anything; and the investigation that will be required under this paragraph of section 1 will be just as tedious, just as painstaking, just as productive of delay as is provided in section 3, that gives them the right to have the referees, and so forth; and, in my humble opinion, your amendment holds forth a promise to the short-line railroads, but it will do them no good in the end, because the benefits of this bill, which you promise to them when you say, "We will take you over," simply means to give them the right to go into court and show that the Government of the United States should pay them for railroads that have not been making any money. That is all that is in the bill. I am the friend of the short lines and I have fought their fight since the beginning of this discussion in the committee, and unless you do something along the line of what the men who came before our committee wanted, I do not think that you will do them any good. They said this, in substance, "We have only been running two years," and another would come in and say that they had just gotten out of the hands of a receiver; another would come in and say they had been running a long time, but that they had just been reorganized two years ago, and they said, "You have taken us over"—they thought they had been taken over—and they said, "Pay over a certain per cent on our indebtedness, and that is all that we will ask." In other words, they said, "If we owe \$500,000,000 or \$1,000,000 of bonds, or if we have bonds out to that amount, pay the interest on the bonds until the war is over, and that is all we ask."

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. DECKER. I will ask the gentleman to yield me a little more time. I just want to finish this thought.

Mr. SIMS. I yield the gentleman five minutes more.

Mr. DECKER. So now, do not deceive yourselves, and, for Heaven's sake, do not deceive the short-line people; do not say to them, "We are going to give you the benefits of the bill" when there are no benefits in it for them. You say that it will stabilize their finances and allow them to issue more securities. Do you mean by that that you want the President of the United States to buy the securities of these short-line railroads that have not been making any money under their own management? If you do, say so, and do not put the burden upon the President of the United States and then whine about it afterwards and say that he has extravagantly managed the railroads of the country. Say what you mean. If during this crisis you mean to pay the short-line railroads of this country a certain per cent on their indebtedness, if you authorize the President of the United States to purchase securities which they feel that they have to issue during the struggle, then say so, but do not put the burden on the President of the United States and then say, "You squandered the people's money and Government control is a failure."

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. DECKER. Yes.

Mr. MADDEN. The gentleman, of course, knows that there is a war-finance corporation being organized, and the report upon that bill will soon be in the House from the Committee on Ways and Means, which authorizes the Secretary of the Treasury, as the Pooch Bah of the Nation, to spend \$500,000,000 and create \$4,000,000,000 more of indebtedness for the purpose of buying securities of the railroads, maintaining the standard of all corporations that he may see fit to favor, and it will include these railroads, and it ought to include the short lines as well as the trunk lines.

Mr. DECKER. If it includes them, it would include them as much out of Government control as under Government control, so there is nothing to that. The point I make is this: Decide for yourselves what is best for them, because this amendment we put in the bill was written by the head of the short-line organizations, and they simply say, "If you can not pay us a stipulated interest upon our indebtedness, then, for Heaven's sake, during the war do not interfere with our traffic arrangements," and we have put into the bill that their traffic arrangements shall not be interfered with except by war materials; and let me call your attention to the fact that if the President of the United States wants to ship war materials over these roads he will undoubtedly take them over of his own initiative. The question you have got to decide is whether it is not better to let these railroads struggle along as they have in the last three years without making any money under their own management, and fight through themselves, than to put them under the Government control, put them into the courts of the country, which you will do unless you put a provision in the bill that the Government will pay the interest upon their indebtedness while the war is going on.

Mr. NORTON. Mr. Chairman, will the gentleman yield?

Mr. DECKER. Yes.

Mr. NORTON. The amendment provides that their average income for the last three years shall be guaranteed by the Government.

Mr. DECKER. What amendment?

Mr. NORTON. The amendment that the gentleman from Wisconsin [Mr. Esch] offered. It puts them upon the same basis. The amendment itself does not contain those words, but if debated and made a part of the bill, it puts those roads on the same basis as the trunk lines.

Mr. DECKER. That is very true, but they are not in the same position as the trunk lines, because they can not get the benefit of the standard return which they have not been making themselves.

Mr. NORTON. If they made a return it guarantees that that return will be made by the Government to them.

Mr. DECKER. If they have been making returns during the last three years, then they are not in a very bad fix if you let them alone and guarantee that the traffic arrangements will not be interfered with.

Mr. NORTON. That is the point. They are not in a bad fix, but they are very likely to be if the Government takes over every trunk line and leaves them out and that is just what the short lines are complaining of.

Mr. DECKER. I am pointing out—

Mr. NORTON. The gentleman does not seem to get the point.

Mr. DECKER. The gentleman does not seem to get this point—and I wish to speak respectfully—the gentleman does not get the point that to put these short-line railroads under Government control and before they can get compensation from the Government require them to go into court and submit to a tedious lawsuit is not better for them than leaving them as they are now.

Mr. NORTON. I do not think that presumption will be taken at all.

The time of the gentleman has expired.

Mr. ESCH. Mr. Chairman, I yield four minutes to the gentleman from Iowa [Mr. TOWNER].

Mr. TOWNER. Mr. Chairman, all of us are pleased, I am sure, when the gentleman from Missouri addresses the House, and I think he has offered some suggestions that show that he is very nearly in accordance with those in favor of taking care of the short lines. Now, I agree with the gentleman from Missouri that as this amendment stands it is not sufficient, and I hope and understand an amendment will be offered that will not only include all competing short lines, but also include all of those short lines that are engaged in general transportation, and that ought to be done. Of course there are some short-line railroads built for special purposes that are not engaged in general transportation, and these should not be taken over. But if they are engaged in general transportation, in my judgment they ought to be included under the President's order.

I agree also with the gentleman that in all probability, if this amendment be adopted, some amendment ought to be made to the provision of the bill which allows the President to take care of any exceptional case of railroads that are not otherwise provided for in the way of remuneration. Of course, gentlemen, this is temporary, but it is a question that involves not only the needs and the necessities of the Government, but also the most important economical interest of the people of the United States. The Government can not take over the railroads of the United States exclusively for war purposes. Gentlemen say, why should the Government take over any road that is not to be used for war purposes? No railroad can be taken over for war purposes only. The general transportation business of the country must be carried on, and it must be carried on principally on the railways which the Government will take over. Every railroad that the Government takes over is a part of the general system of transportation in this country.

Gentlemen have talked as if a system of transportation was something that must be limited to two or more roads. Why, no. The words "system of transportation" means even a 10-mile short-line railroad, because that is a system of transportation. You can speak of the entire railway system of the United States and say it is a system of transportation, and that is proper. The words "systems of transportation" used in the act were not limited and were not intended to be limited to railroads alone. The phrase includes all the systems of transportation, by water as well as land. And so when the President takes over these roads in order to do justice to the people he should be regardful not only of war interests and necessities—which are supreme, and when they are called into exercise all other powers must yield and all other interests—but he must regard also the rights and the interests of 100,000,000 of the people who are interested in every system of transportation in this country. They are all locked together. The short-line railroad, as we call it, only means that a particular section of track and the particular cars and equipment are under the control and management of a corporation operating a single-unit system. You will find, however, at some place that it is interlocked in some other system of transportation. At some place their cars are switched onto other tracks and connection is made that takes the commodities from the short lines to the trunk lines and so to the great marts of trade all over the land. [Applause.]

Mr. SIMS. Mr. Chairman, I ask the gentleman from Wisconsin to use the time to which he is entitled so as to make it even.

Mr. ESCH. Mr. Chairman, I yield four minutes to the gentleman from Mississippi [Mr. QUIN].

Mr. QUIN. Mr. Chairman and gentlemen, I favor this bill, and I am heartily in favor of this amendment, the Esch amendment, the same as the amendment put on in the Senate. It is true, as stated by the gentleman from North Carolina [Mr. WEBB], that the short-line railroads did ask for the little pittance that is shown here in section 9, but it is further true that they asked more than that, which the committee that considered this bill could not put in. What will be the result if this war lasts three years and the short-line railroads are not cared for under the terms of this bill? When this war is over, according to my conception, the short-line railways would be in a state of bankruptcy. If they are not cared for in this bill, they can not go to the banking institutions and trust companies and borrow money either on their notes or on their bonds. If they are not properly guarded under this bill, these roads will all be in the hands of receivers, and these 30,000 miles of railways, made up of short lines, that owe \$2,000,000,000 would be in a state of bankruptcy, and the communities through which they travel would suffer in like proportion. The farmers and little industrial enterprises along the lines would be greatly injured and hampered. My contention is that the Government of the United States should do the same to the weak as it does to the strong. Is it possible that this Congress proposes to take care of the great trunk lines of this country and allow the short lines to perish and dwindle for the lack of sustenance?

Mr. LAZARO. Will the gentleman yield?

Mr. QUIN. I will yield.

Mr. LAZARO. Is it not true that a perfect transportation system of this kind could be compared with the circulatory system of the human body, and would it not be ridiculous to attempt to have a perfect system of circulation to take care of the large arteries and large veins without taking care of the small arteries, the small veins, and the capillaries of the body?

Mr. QUIN. Why, it would be considered nonsense to take care of the large arteries and large veins and neglect the small arteries and small veins; and yet certain people believe that you ought to allow all of the lesser portions of the body of American railways to perish and starve. Under this bill as it

is drawn, the short-line railways, when this war comes to a termination, will be in a condition of bankruptcy and the communities that they serve will have suffered in like proportion. Who is there here that would like to see the little short railroads—the feeders to the main arteries of commerce—destroyed, and the rails removed, and the stockholders left penniless, and the patrons left destitute of transportation facilities? The weak and humble should be guaranteed the same protection as the strong and powerful.

According to my contention, this Government ought to so conduct its transportation facilities during this war, and all its other business, so that when it comes out of the war we will have a great, strong, athletic commercial giant with which we will be ready to meet the exigencies of the Nation. You can not do that unless all of these short lines are properly cared for the same as the main trunk lines of this country are cared for. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. ESCH. Mr. Chairman, I yield four minutes to the gentleman from Michigan [Mr. McLAUGHLIN].

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I am in favor of the amendment proposed by the gentleman from Wisconsin [Mr. Esch], and I trust it will be adopted. If it is necessary to modify the amendment, I trust the change will be in the spirit in which the original amendment is drawn.

The Senate has just concluded consideration of this bill, practically the same as the bill now before the House, and in reading the debates in the Senate one is assisted in understanding the bill, what it is intended to do, and what it will do, and assisted also in arriving at the proper construction of some of its principal features.

The gentleman from North Carolina [Mr. WEBB] a few moments ago spoke of a meeting he had with gentlemen from his State who are interested in short-line roads and of the draft of an amendment which was incorporated in the bill and now appears in it, which he said was quite—

The CHAIRMAN. Will the gentleman permit the Chair to call his attention to the rule, and it is probably the duty of the Chair to do so—although I do not know that any harm will be done in this particular case—that it is in violation of the rules of the House to refer to statements actually made on the floor of the Senate by Senators?

Mr. McLAUGHLIN of Michigan. I simply wish to call attention to the actual situation as it developed in the other body, and to a statement made by the distinguished Senator upon this particular point. I was making no reflection upon him, nothing that could cause any controversy or ill feeling. I certainly was not criticizing. I did not know that I was transgressing the rules and certainly had no intention of doing so.

The CHAIRMAN. The Chair understood, of course, that the gentleman was not speaking in any criticism, but it seems it is the duty of the Chair to take the initiative in calling attention to the fact that references can not be made in debate to statements actually made on the floor of the Senate by Senators without reference as to whether it is controversial or not.

Mr. McLAUGHLIN of Michigan. I was referring to something that appeared in the RECORD, and practically quoting a statement by a Member of another body. I regret that I have transgressed the rules.

Mr. ROBINSON. Will the gentleman yield for a moment?

Mr. McLAUGHLIN of Michigan. Yes.

Mr. ROBINSON. I just asked permission to interrupt you in order to state that the representatives of the short-line railroads in the State from which the gentleman from North Carolina [Mr. WEBB] comes and in part represents were not satisfied with section 9, but considered it was the best they could get from that committee; and they are heartily in favor of this amendment.

Mr. McLAUGHLIN of Michigan. That is what I wished to bring out. In answer to what the distinguished gentleman says now and in answer to what the gentleman from North Carolina [Mr. WEBB] said, and that this amendment was urged in another body, because of what had been incorporated in this bill and thought at the time it was framed was sufficient, it seemed to me that the deliberations of the body, the conclusions they had reached, their arguments and reasons, would be helpful to the House in considering this amendment. The amendment now pending, offered by the gentleman from Wisconsin [Mr. Esch], is in the same words as the Cummins amendment, adopted yesterday by the Senate; adopted because section 9 of the House bill was not considered as sufficient protection to small roads.

Now, the taking over of the railroads by the Government of the United States is not to be entirely in the interest or for the benefit of the Government alone, and, as has been well said by the gentleman from Iowa [Mr. TOWNER], they can not be taken

over entirely for war purposes and all other considerations eliminated. It seems to me that we can get help in the consideration of matters of this kind by knowing and keeping in mind some of the things that have been done in England respecting the general manufacturing situation in that country. There has been an effort, which has met with marked success, to keep general business going, to keep it prosperous and successful, as is shown, in one way, by the very large imports from that country, larger than ever before, indicating that the general business of the country is in good shape. So in this country, as far as possible, business should be protected and encouraged even if it is not directly a part of war preparation or absolutely necessary to enable us to prosecute the war. Certainly, the general business of the country ought not to be deliberately injured or sacrificed as would inevitably be the result of excluding small railroads from such benefits as may result from this act. If not included, the small roads will be discriminated against and embarrassed and many of them will be ruined.

Mr. ESCH. Mr. Chairman, will the gentleman from Tennessee [Mr. SIMS] use any of his time?

Mr. SIMS. I yield to the gentleman from Alabama [Mr. BANKHEAD] five minutes.

The CHAIRMAN. The gentleman from Alabama is recognized for five minutes.

Mr. SIMS. I have just been informed that he has been called out of the Chamber, and I ask that the gentleman from Wisconsin use more of his time.

Mr. ESCH. I yield four minutes to the gentleman from Ohio [Mr. SNOOK], a member of the committee.

Mr. SNOOK. Mr. Chairman and gentlemen of the committee, I will ask not to be interrupted in the time that I have allotted me.

I regret very much to be compelled to take the position of opposing the position of the distinguished chairman of our committee, because I respect his judgment very much, as much as any man in the House, but I feel it my duty to support this amendment. And I want to give briefly the reasons. This question was before our committee and was gone into quite fully at the hearings. I have never heard but one argument, and there has been but one argument before the committee, why the short-line railroads should not be taken over, and the only argument offered was that it would entail a very large expenditure on the part of the Government, larger than the Government could afford to make.

Now, I am convinced, after giving the question thorough and careful study, that this would not be the result of the adoption of this amendment. I was asked a great many questions upon this very point when I had the honor of addressing the House during general debate, and I propounded the query then as to whether or not the Government could afford to do it. Since then, after giving the subject careful thought, I am convinced that the good to be obtained from following this course will outweigh the cost. There are many short-line railroads that have built up towns along their lines and that serve large communities. To discontinue those lines or to cripple their use would mean disaster to the towns and communities they serve.

There are three ways under this bill by which the railroads taken over can be compensated. The first is under the standard return, which is equivalent to what the railroads have earned in the last three years. If any of these roads is compensated under that provision it certainly can not hurt the Government, as the pay will be on the same basis with a majority of the roads.

The other provision is that they can go into the courts and have the amount of the compensation they should receive determined, and of course that would be the fair rental value of the road; and certainly the Government would not be harmed if that theory were put into effect.

The other method, to which the gentleman from Iowa [Mr. TOWNER] alluded, is that allowing the President or the Director General to censor the case and fix the compensation. That is the exceptional one, and of course it goes without saying that the President would not give compensation to any of these roads if they were taken over that would materially embarrass the Government. So I think that it may well be said that the expenditure on the part of the Government would not be such as to embarrass the Government; and this meets the only argument that was brought before the committee as to why these railroads should not be taken over.

It is said that this amendment does not go far enough, that it does not reach the railroads. I am inclined to think that it goes far enough, because under the language of this amendment there is not a railroad, however short, but has a junction with some other railroad, and in one way or another competes with some other railroad for business, and therefore it would reach all these railroads.

Another argument is that the taking over of these railroads under this provision would not do them any good. I can not see anything in that argument. When the railroads were taken over by the President, immediately the stock market and the values of the securities of those railroads reflected that action, and if these railroads are taken over with the others it will have the same effect on the short lines, on the small railroads, that it has had on all the other railroads of the country.

It will have a tendency to stabilize their securities and give them an opportunity in this way to meet their obligations as they accrue. For this reason I think the amendment should prevail.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. SIMS. Mr. Chairman, I yield five minutes to the gentleman from Alabama [Mr. BANKHEAD].

The CHAIRMAN. The gentleman from Alabama is recognized for five minutes.

Mr. BANKHEAD. Mr. Chairman and gentlemen of the committee, it seems to me that the primary consideration for a proper understanding and vote upon this amendment is to look into the elemental purposes of this bill. As stated in the caption of the bill, the purposes are "to provide for the operation of the transportation systems while under Federal control, for the just compensation of their owners, and for other purposes."

Now, admittedly there would have been no necessity for legislation of this drastic character except for the reason that the developments of the transportation system under war conditions under private ownership apparently, to a large extent, broke down, so to speak, and as I understand the purposes of this bill from the standpoint of the Government interests it is to unify and coordinate for Government needs and necessities such elements of our transportation system as are necessary to the successful and speedy carrying out of the war purposes of the country. I realize, of course, that there are a great many short-line railroads in the United States that have, according to the arguments that have been made here, a direct interest in the result of this legislation.

But, gentlemen, it seems to me that in order to arrive at the correct conclusion regarding the equity and merits of this proposition the status of these short-line railroads should be considered on the basis of their real earning capacity and carrying capacity as common carriers. You take an ordinary short-line railroad, used for the purpose of developing a certain limited section of the country, and necessarily it has some trunk-line terminal—that is, most of them have—and you take the lumber and wheat and iron ore or any other of the other necessary commodities that are required for the use of the public and the Government at this time, produced upon the territory covered by any short-line carrier, and they necessarily have to be transported by some route to their legitimate market, and therefore they would have to be carried, in its last analysis, to the larger consuming market by trunk lines, and these trunk-line railroads will inevitably be taken over under the provisions of this bill. On the other hand, in taking short-line railroads that do not furnish any product for foreign markets or a distant market there is no requirement from the standpoint of governmental necessity for taking over short-line roads of that character. Therefore it will be remitted, as under ordinary circumstances, to its actual earning capacity as a short-line carrier.

It seems to me, gentlemen of the committee, that the elemental considerations of the bill that is before us, as presented in this section and in other sections of the bill, are to conserve to the utmost all the necessities of the Government and not to give attention to the stabilizing and guaranteeing of the securities of short-line railroads. The purposes of the bill, as it was conceived and in the arguments made in favor of its passage in the first instance, were based on the developments and the facts which tended to show that it was necessary to coordinate or take over under Government control the really needed transportation facilities of the country, and not every element of the railroad systems of the country that might not be needed for that purpose.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. MADDEN. The necessities, of course, were first considered on account of the war needs?

Mr. BANKHEAD. Yes.

Mr. MADDEN. And it can not be said that the short lines are not hauling war material, because everything we use is in a sense war material.

Mr. BANKHEAD. It has to go to some fixed market. It is not to be conceived that the Director General would delay the shipment of war material over that short line, and therefore I do not think it will be necessary for the real purposes of this bill to take over all the short-line carriers and thereby tremon-

dously and unnecessarily increase the burdens of the Government.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. BANKHEAD. I am sorry that I can not further answer the gentleman from Illinois.

Mr. ESCH. Mr. Chairman, I yield two minutes to the gentleman from Alabama.

The CHAIRMAN. The gentleman from Alabama is recognized.

Mr. HEFLIN. Mr. Chairman and gentlemen of the committee, I am heartily in favor of this amendment. This is war legislation, and the communities dependent on short-line railroads are entitled to the protection that people on the longer roads are to have under the provisions of this bill.

There is a short-line railroad in Lowndes County, in my district, about 20 miles long. It joins the Louisville & Nashville Railroad leading into Montgomery, Ala. This short road is located in one of the greatest agricultural counties in the country, and over the protest of the people of the county, people who gave the right of way and timber for making cross-ties, this short-line road has been sold for junk and is being torn up and shipped away.

Those who owned the road have disregarded the interests of the public and they are depriving that territory of the services of this road, which were very useful in carrying farm produce to Montgomery and to Camp Sheridan. I think it is right and just that the Government should cover these roads into this bill, so that the communities that have these short-line roads will be assured that these roads, so useful and necessary to them, will not be put out of business and torn up and sold for junk during this war.

The stockholder in the short-line road is entitled to the same character of protection that the stockholder in the big railroad is to have under the provisions of this bill; and as a matter of right the people living in communities served by the short-line railroads are entitled to the same character of consideration and protection that the people living on the long lines are to have under this bill. It is unfair to aid and safeguard the big railroads in these strenuous times of war and leave the little roads unaided and helpless in the hands of those who want to put them out of business. [Applause.]

Mr. ESCH. I yield three minutes to the gentleman from North Carolina [Mr. SMALL].

Mr. SMALL. Mr. Chairman, I favor this amendment for the fundamental reason that it avoids the perpetration of an injustice. I regret the necessity for the taking over of the railroads in this emergency, but if it was necessary to take over any, it is equally necessary to take over all. The gentleman from Louisiana [Mr. SANDERS] is undoubtedly correct in that proposition. Within this limited time I can give only two reasons: First, there is not a short-line railroad in the United States which in the carrying of freight and passengers does not prorate with railroads of greater length. It is absolutely necessary for their existence that they should give through bills of lading for the movement of traffic initiated over their own lines, and thence over other railroad systems, which under this act will be under the jurisdiction of the President of the United States, and it is unfair that the President should have the control of rates over the long systems of railway and these short-line railroads deprived of whatever benefit may accrue from the operation of this law.

In addition they ought to be included for their financial preservation. Many of them have bonds maturing during the existence of this law. They are deprived of credit by reason of the conditions of war, emphasized by the existence of this law which we are considering, and they ought to be protected.

Then there is another reason. While the Government in the exercise of certain prerogatives as a sovereign may do certain things such as we are proposing to enable it to do under this law, it is not in consonance with our institutions that the doing of anything by the sovereign should work an injustice to any other person or property, and we are doing a thing here by the passage of this law which will work that injustice, and therefore is fundamentally wrong.

Mr. WEBB. Will the gentleman yield?

Mr. SMALL. I yield to the gentleman if I have the time.

Mr. WEBB. Referring to the gentleman's last statement, will he tell us how an injustice is going to be done these short-line railroads in view of section 9 of the bill?

Mr. SMALL. Section 9 of the bill simply places it in the power of the President to let shippers route their shipments, provided the exigencies of the Government do not require the President or the Director General himself to do so. That does not protect these short railroads from the injustice which will be done them unless this amendment is adopted.

Mr. ESCH. I yield three minutes to the gentleman from Iowa [Mr. GREEN].

Mr. GREEN of Iowa. Mr. Chairman, a parliamentary inquiry before I begin.

The CHAIRMAN. The gentleman will state it.

Mr. GREEN of Iowa. Is this the proper time to offer an amendment to the amendment?

The CHAIRMAN. The gentleman can offer an amendment to the amendment.

Mr. GREEN of Iowa. I offer the following amendment.

The CHAIRMAN. The gentleman from Iowa offers an amendment to the amendment. The Chair requests the attention of the gentleman from Wisconsin [Mr. LENROOT]. Did the gentleman from Wisconsin send his amendment to the desk to be offered?

Mr. LENROOT. That was my intention.

The CHAIRMAN. If that is the case, of course the attendance of the gentleman from Wisconsin [Mr. LENROOT] would take precedence in being offered before the amendment to the amendment proposed by the gentleman from Iowa [Mr. GREEN].

Mr. ESCH. Mr. Chairman, I accept the amendment offered by my colleague [Mr. LENROOT].

The CHAIRMAN. It will have to be reported and acted upon by the committee, of course.

Mr. LENROOT. On the statement of the gentleman from Wisconsin [Mr. ESCH], I am willing to withdraw my amendment for the present and to offer it later.

The CHAIRMAN. It has not been offered yet. The gentleman from Iowa is recognized to offer an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. GREEN of Iowa offers the following amendment to the amendment: After the words "possession, use, and control," insert the words "or which is engaged as a common carrier in the transportation of material, food, fuel, or supplies used in or necessary for carrying on the war."

Mr. GREEN of Iowa. Mr. Chairman, I desire to call the attention of the committee very particularly to the fact that the original amendment offered by the gentleman from Wisconsin [Mr. ESCH] would not include to exceed one-third of the short lines, if it took in that many. I have not made any computation, but I believe I am safe in saying that fully two-thirds, and I think probably four-fifths, of the short lines are merely feeders. They do not compete with any line, but simply supply the road into which all of their shipments are eventually turned. It has been said in argument that the amendment offered by the gentleman from Wisconsin [Mr. ESCH], which applies simply to roads that compete with the roads which the President shall take over under the provisions of this bill, would include all of these short lines, for the reason that these feeders to which I now refer always take freight which would have otherwise gone somewhere or somehow to some other line.

Perhaps that is true, but that is not the sense in which the word "competition" is ordinarily used, and I do not think it is the sense in which it would be applied if this amendment is added. So that as the amendment now stands, in my judgment it will take over only a very small portion of the short lines. The amendment which I have offered, which, if adopted, would make the amendment apply to all roads that carry food, fuel, material, or supplies for carrying on the war, would include practically every road, at least every road that ought to be included, because there are none of these short lines that I know anything about which act as common carriers that are not carrying some food, fuel, material, or supplies necessary for carrying on the war. Moreover, I do not think it was the intention when this amendment was originally prepared and adopted that it should include anything but those lines competing in the ordinary sense of the word.

Another reason why I think it would be construed in that manner is that all through the bill there runs this idea, which is further expressed in section 9, that the short lines which are to be considered in the bill are those which are affected by routing arrangements, where the freight might be routed over some other line. In such a case as that, of course, they would compete with the main line. I think this amendment must be adopted if we are to take over all the short lines.

The CHAIRMAN. The question is on the amendment to the amendment offered by the gentleman from Iowa.

The question was taken, and the amendment to the amendment was rejected.

Mr. ESCH. Mr. Chairman, I yield three minutes to the gentleman from Indiana [Mr. FAIRFIELD].

Mr. FAIRFIELD. Mr. Chairman, as I see this program, there are three elements in it: The Government, the holders of the securities of the short lines, and beyond them the people who live along these lines. I think this amendment is a simple

act of justice, for finally the Government is the people of this country.

I do not believe that we are prepared here to say that the exigencies of the war are so great that the Government can afford to take the chance of doing a great injustice. Some of these lines are barely able to subsist; some of them are already on the verge of bankruptcy. If they are not taken over, they will be destroyed and possibly junked.

A concrete example is a road 75 miles in length projected by a man and assisted by every community through which the road runs. It crosses two intersecting lines and has not yet reached its objective. That road is in danger to-day of being sold and junked. I suppose that a wise railroad financier might say let it be "junked" if it can not support itself. But remember that there are 800 such lines. There are 800 communities through which those lines run, and to do a thing now that would injure the life of these lines after the sacrifices that the people have made in their interest would be an injustice that I think the Government can not afford at this time. The farmers along the line of the road in many instances gave the right of way. Every town and township voted to tax itself that this road might be built. In every case the help rendered was absolutely gratuitous. No stock was issued to these farmers or towns or townships. The aid was not given for the purpose of realizing dividends on the stock, it was given that the road might be secured. Conditions are such now that the road can not be financed except by the Government. My only contention is that the property of the people should not be taken away from them, without hope of return, by any action of this Government; rather should it be the policy to conserve every mile of track and every bit of rolling stock on all the roads. The people along these short lines are helpless. They have sacrificed to build these roads; they need them. Business conditions are such that they can not organize a company now to protect themselves. All their money not immediately demanded in their own private business is being used for the purchase of liberty bonds and for subscriptions for Red Cross and Y. M. C. A. work. The Government ought to protect these roads by taking them over, operating them, and thus preventing a signal wrong to the communities through which the roads pass. [Applause.]

Mr. ESCH. Mr. Chairman, I yield two minutes to the gentleman from Minnesota [Mr. SCHALL].

Mr. SCHALL. Mr. Chairman, I shall vote for the bill with some amendments which I hope may be attached. America's contribution to the war is reduced to-day to a question of transportation. We must keep the vast supply arteries open, and through them must flow a steady stream of men and war material to the sea and across that unwilling conscript. Nothing must stand as an obstruction. If we as a nation at war find a time-honored institution too cumbersome for our present urgent necessity, supplant it with one more mobile to our needs.

Had the catastrophe of war not come to us we might have struggled through the growing pains of adaptation of an ill-fitting transportation system without so radical a remedy. But crises precipitate discontent that is in solution. The enormous burdens of mobilizing a nation for war brought into high light the inherent defects of our system. The roads were hampered by a division of authority. Pooling, a thing desirable when the needs of the Nation and not private gain are the aim, had been interdicted because of its abuse by the roads in times past. With their future uncertain the credit of the railroads did not warrant investment in new equipment. The rapacious vortex of war preparation was draining the world of finance of its wealth and the strain of the useless cost of competing organizations was too much for the country to stand. So that, while the railroads in the past have not unjustly been considered sinners above all Israel, because managers were unable to view transportation as a whole and persisted in seeing only their own lines; because they opposed water transportation on lake, river, and canal, and jealously planted terminals without regard to public need; because of stock manipulations, secret rebates, and railroad wreckers, the present condition is not one for which they are to be punished. This bill is not a retaliatory measure. The railroads need the Government as much as the Government needs to control the railroads. Waste must be eliminated, expense curtailed, and congestion relieved. Only under one head can the whole system coordinate and function with benefit to every part.

There is a remarkable unanimity throughout the Nation in following the President in his most radical departure from precedent. The rail heads, labor, the investors, and the people generally welcome it as a necessary war measure, that will quicken our Nation's efficiency for winning the war and make

our resources mobile. Charles S. Mellen, formerly of the New York, New Haven & Hartford Railroad, says:

A single directing head will cut out the handling of thousands of empties one way, due to past competitive warfare. Freight will be shipped by the shortest route, without regard to which railroad benefits.

Theodore Shonts says that 60 per cent of labor and fuel in New York terminals will be saved by pooling. Already the Director General, by virtue of authority being lodged in a single head, has instituted direct routing regardless of earnings of railroads, suspended priority orders, and increased demurrage rates, thus hastening loading and unloading, none of which the railroads could do without permission of the War Board or the Interstate Commerce Commission, but which the Government under press of war necessity could instantly do. The success of the Government's war-time railroad policy will depend upon teamwork. Unless the present machinery, both labor and managers, cooperate, efficiency will be lost. We must employ and conserve, not antagonize and reject, the training and ability of the scientists in the railroad business. Their years of education are a Government asset. Every ounce of our financial strength must be applied. The Senate, ever generous at the taxpayers' expense, has taken good care that the railroads be well and sufficiently protected. It only remains that we should look equally well after the interests of the people who must pay the tremendous compensation suggested. The railroads are a part of the people; no longer are they a thing apart.

The people of this country are the ones who are making the supreme sacrifice. They have a right to safeguard. In the matter of compensation the railroads should receive fair and just return, but their service has not been so eminently satisfactory that they need a premium. If 4 per cent is enough for the poor who are patriotically handing over their little hoardings for the Government's liberty bonds, the railroads should be patriotically content to receive 8 per cent. And why pick out 1915, 1916, and 1917, when the last two were notably banner years, as a basis for compensation? Why the fattest years? Why not strike a middle course?

But at the same time we must avoid an unjust and arbitrary course. Who knows how Government control will work out after the war? As a permanent institution labor fears it might hamper their freedom; fears, too, lest the vicious workmen's so-called "compensation act" shall supplant the interstate-commerce act. Railroad heads regard it with disfavor. How the people will look upon it depends upon whether it shall degenerate into a dangerous, grafting, political, wasteful machine, a Scylla as much to be avoided as the Charybdis of selfish, narrow-visioned private ownership.

The question of how long the Government shall continue to operate the roads should be left open. The conditions of demobilizing will create just such difficulties as we are now experiencing. Reconstruction will face we can not conceive now what new problems. No one can say what definite period, if ever, will see the Nation restored to prewar conditions. It is essential that the period of control be sufficient to establish a permanent, far-reaching change adapted to the growing needs of our tremendous transportation problems. We should neither cut ourselves off permanently from the benefits of Government control, should that prove the consummation devoutly to be wished, nor should we so tie ourselves up that we can not substitute Government regulation, should that prove to be the better way. There is no vital necessity that this question should be settled at this time. The railroads are amply protected, the stock and bond holders equally so.

There is but one task before the least and greatest of this land, but one thought to hold, and that is win the war. Do your all to win the war; the administration says this is the way. If criticism helps, what difference whom it hurts; let it come. Perform the major operation and get on. If it will harm our cause, then the cure is worse than the disease.

The enemy we have to face is relentless, resourceful, rapacious, and united with a coherence that can only be overcome by an equal unity. That is the one terrific call to every one of us to-day. We can not in safety delegate our responsibility in this grave—this terrible crisis.

The American spirit has changed tremendously. It is back of any movement necessary to win. We are breaking, Gulliver like, the tiny fretting threads that well-meaning pacifists have wound about the giant limbs of the Nation. Our blunders, our failures are part of the cross that we must learn to bear. Cut red tape, the people back home are demanding, and forget politics and party. What do they care about political capital when the safety and well-being and lives of their best and dearest are at stake "over there"? What do they care which

party wins the next presidential election when their hearts are set with the grim purpose to go over the top in our fight for the rights of humanity? We can't evade, we can't go round; we must go straight through. The poignant days of the war are just beginning. What we have irked at is but the sting of the gaffly. We are in war. That is the one tremendous fact. We must win it; every other consideration is subordinate. Now is the one time in all our history, if we are to persist as a nation, that we must merge personal ambition. We must forego political advantage. We must abandon our local squint and try to see with the larger vision of the Nation.

I am heartily in favor of the Esch amendment, which I believe necessary to do justice, and in connection with that point I wish to have read in my time a letter written to me by my friend and constituent, Col. Luce, who is now serving his country with his regiment in Texas and who is interested in a short-line railroad running from Minneapolis to Hutchinson.

The CHAIRMAN. Without objection, the Clerk will read the letter.

The Clerk read as follows:

FORT SAM HOUSTON, TEX., February 12, 1918.

Congressman THOMAS D. SCHALL,
Washington, D. C.

DEAR CONGRESSMAN: I notice in the paper that Congress will bring up the railroad bill this week. There is no question as to the advisability of the Government taking over the railroads. If it had not, in all probability they would all be forced into bankruptcy. By congressional action salaries were greatly increased, cost of all labor doubled, fuel doubled, and all this without any material increase in rates. Evidently, with this given situation, it appears best to those in power in order to prevent financial disaster to the country's railroads and also those holding their securities to take them over with certain guarantees under present conditions. This is true of all railroads, big and small. The large railroad heads have been crying for relief, asking that something be done. Their prayer has been answered. If the big, strong railroads are in this condition financially, what shape do you expect to find the small ones in, especially those who are not fortunate enough to secure a partial handling of the immense Government business incident to the war. I do not think it is necessary for me to go further into detail as to the necessity of treating the large and small railroads alike.

I will bring to your attention a sample of the injustice if the small railroads are discriminated against. Between Minneapolis, Minn., and Hutchinson, Minn., the Great Northern, the Chicago, Milwaukee & St. Paul, and the Electric Short Line each operate a line of railway. Under the proposed bill the Great Northern and Milwaukee roads will each be guaranteed a living by the Government, while the Short Line, because it is a small road, must be forced into bankruptcy. The small road serving its proportionate territory means just as much to the successful conclusion of the war as the large. The small investors in small roads have a right to ask for the same relief as the large ones. If more taxes are to be assessed to make up the loss in railroad operation under present conditions, the least the country can expect from Congress is that the laws shall be equitable to all railroads, both big and small.

As far as the undersigned is concerned, I am only too willing to serve my country in any capacity that I am asked in order to win this war. But in return, while I am deprived of attending to my personal business, I feel that it is only fair and just of Congress that in passing its law it shall treat the railroads alike and not discriminate against the small.

If the Government should protect the large and not the small roads, it will bring this state of affairs about: When the roads are turned back to the owners the large roads, all protected by the Government, will be in excellent shape physically as well as financially. The small roads, in the meantime, will be forced into bankruptcy and be on the market, so that the guaranteed roads will get them at a small per cent of their value.

Knowing that you will see the fairness of my argument and will do all you are able to see that all railroads are treated alike, I beg to remain,

Sincerely, yours,

ELECTRIC SHORT LINE RAILWAY,
E. D. LUCE, Vice President.

P. S.—I am speaking as a representative of 4,000 stockholders of the Electric Short Line Railway, all local people, 3,000 of them farmers.

Mr. ESCH. Mr. Chairman, I yield two minutes to the gentleman from Illinois [Mr. GRAHAM].

Mr. GRAHAM of Illinois. Mr. Chairman, there is but little a man can say in two minutes. I can say this, however, that war is not the normal condition of mankind. It is an abnormal condition and we expect, as a normal people, after the war is over, to resume our ordinary occupations in the ordinary way. It is a very poor way to go about it if as one of the first steps of war we necessarily destroy \$2,000,000,000 worth of wealth in our country. We ought to be able after the war is over to go back and set out with institutions practically the same as they were before we started the war, if we can. If it costs us \$2,000,000,000 to keep the short-line railroads, at the end of the war, if we have the short-line railroads at a cost of \$2,000,000,000, we would at least have the railroads. If we go ahead under this bill without the amendment, at the end of the war we will have lost \$2,000,000,000 worth of wealth and have nothing to show for it.

I know something about the practical effect of the situation in my district. There is a short-line railroad 60 miles long running through my territory, built up with little towns along the way. There are no other railroad lines by which the people

can ship. It runs through farming communities and to coal mines. At present it is so situated that it can not get a single car through the trunk lines of the Chicago, Burlington & Quincy or the Rock Island. The people have had a hard struggle to get these roads. Many of these communities served by these little roads have labored for years to get these roads built as outlets for their products; they have invested their money in them. These roads ought not to be industrially destroyed. As my time is so short I can not now give my reason in greater detail. I am heartily in favor of this amendment. [Applause.]

Mr. ESCH. Mr. Chairman, I yield two minutes to the gentleman from Virginia [Mr. SAUNDERS].

Mr. SAUNDERS of Virginia. Mr. Chairman, I listened to the argument of the gentleman from Missouri [Mr. DECKER], in the course of which he advanced the proposition that the short lines proposed to be taken over by this amendment, would not be benefited by that action. I failed to catch the force of his reasoning. The amendment provides that the short lines to which it relates shall be "held, and considered as within Federal control, as therein defined, and shall be entitled to the benefit of all the provisions of the act." Will the act be of any benefit to the trunk lines? If so, then the same benefits that will accrue to them, by virtue of its provisions, is secured for the short lines. The report which accompanies this bill declares that one of the purposes of this legislation is to provide for the operation of the trunk lines. It is a matter of great concern to many communities that the short lines shall be operated. This result is secured by the amendment.

Some of the gentlemen who oppose this amendment seem to be in a somewhat inconsistent position. Reading the argument of one Senator I find that although he believed and hoped that most of the short lines would be taken care of by the Government, he concluded his remarks with the declaration that he intended to vote against this amendment. Later he did vote against it. This gentleman, and all other gentlemen who hope and believe that these short lines will be taken over, ought to square their action with their hopes. A thing that I hope will be done, is a thing that I believe ought to be done. A thing that I believe ought to be done, is a thing worthy of my vote and support.

If there is anybody in this House who believes that these short lines ought to be taken over, presumably he holds to that view on the ground that such action will be in the public interests. Assuredly any action that the public interests require, is action that ought to be secured by appropriate legislation. There are a number of short lines in the country that serve a very useful purpose. They afford transportation facilities to many communities that are not reached by the great trunk lines. Their operation is as essential to the comfort, the convenience, and the prosperity of the communities which they serve, as are the great transportation systems to the country generally. Under the interstate commerce law the shipper enjoys the right to route the freight which he offers for transportation. This right has been taken from him, and the authority to divert the flow of traffic is now exercised by the Director General of Railroads. This bill proposes to finance the roads taken over, and furnishes a prodigious revolving fund to be used for maintenance, betterments and operating expenses of the vast trunk systems proposed to be taken over, but the trunk lines by no means constitute the entire railroad mileage of the country. There are over 30,000 miles of short lines, with an aggregate value of \$1,000,000,000.

Many of these roads are owned by small companies, some by counties, others by individuals. They were constructed in most instances either to serve communities that were totally lacking in transportation facilities, or to afford relief against the exactions and oppressions of the trunk lines. It would be a national calamity for these lines either to be forced out of business entirely or to be turned over to receivers. These smaller lines may not be making money. In most instances they are not, but they are of incalculable value to the communities which they penetrate. Many small towns owe their existence to short-line roads. Withdraw their activities, and these towns will disappear. Take them from the agricultural communities which they now serve, and the shrinkage of values, and reduction of industries that will follow will be appalling. Are the people of these communities, are the busy workers in these little towns; less entitled to consideration than the men who live along the great transportation systems, or who rejoice in the opportunities of the great cities? If this is a question of Government ownership, the Government should take all the roads, great and small alike. If it is a question of Government operation in the general interests, then the Government should operate the great lines and the small lines alike, as one compendious whole, in the interest of the general public.

The needs of the country can not be adequately served by the trunk lines alone. The small feeders to these lines, so essential to the prosperity of the small towns, and country communities, should be maintained and operated as an integral part of a unified system. It is manifest that if the Government lavishes its benefits upon the trunk lines, and by routing orders, and traffic arrangements, maintains them at the highest level of activity and prosperity, in disregard of the needs of the short lines, the latter will languish and die. This may be a matter of small concern to the great centers of industry, to the mighty cities of our land fed by the great roads which deliver within their gates in unending stream the precious freights that come from the four quarters of the earth, but it is a matter of life and death, to the small towns, and country communities that are dependent in many cases upon these little roads to reach the markets of their choice. What is the controlling reason suggested by the administration for taking over the railroads at the present time?

It is to unify the system, to weld the competing roads into an efficient and harmonious whole, and thus fashion a more effective weapon with which to win the war. But this result will not be attained if the smaller lines are disregarded and administrative direction is confined exclusively to the great systems. The prosperity of the country rests upon an efficient coordinated system which will comprehend all of the roads, great and small alike, and afford the largest measure of transportation facilities to the entire country. The interests, the wants, the needs of the small communities, and of the little towns, must not be overlooked. To win the war, we need on the largest and most universal scale, solidarity of national sentiment. That solidarity will not be secured if the interests of the small communities are disregarded in this bill, and the gigantic funds which it appropriates, and the immense powers which it confers, are expended and exercised, solely in the interest of the great trunk lines. It is not enough to develop these lines for the transportation of coal, and steel, and guns, and munitions of war. There is a vast body of freight which is not distinctively war freight, but which must be moved in the interest of the general welfare and nation-wide prosperity. Our ability to wage this war depends upon that prosperity, a prosperity which can not be maintained unless every community is afforded the facilities which unified administration of existing agencies will supply. Take over the trunk lines, if need requires, but take over the short lines at the same time.

Mr. ESCH. Mr. Chairman, I yield two minutes to the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Chairman, I would like to read to the House an order sent out by the Director General on January 9, 1918, to all railroad officers and employees of the railroads of our country:

DIRECTOR GENERAL OF RAILROADS,
INTERSTATE COMMERCE COMMISSION,
Washington, January 8, 1918.

To all railroad officers and employees:

The Government of the United States, having assumed possession and control of the railroads for the period of the present war with Germany, it becomes more than ever obligatory upon every officer and employee of the railroads to apply himself with unreserved energy and unquestioned loyalty to his work.

Every railroad officer and employee is now in effect in the service of the United States, and every officer and employee is just as important a factor in the winning of the war as the men in uniforms who are fighting in the trenches.

Through this order the Director General appeals to the railroad men of the United States to be patriotic, but at the same time he is going to discriminate against the short-line roads by saying to them, "You look after yourselves, but the Government will take care of the big fellows."

Mr. MOORE of Pennsylvania. Did that letter go to the short-line presidents?

Mr. COOPER of Ohio. I understand it went to every railroad president in the United States.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. ESCH. Mr. Chairman, I yield three minutes to the gentleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. Mr. Chairman, I shall support the amendment of the gentleman from Wisconsin [Mr. ESCH], although it is true that under a hostile interpretation it would not perhaps take in some of the feeder lines, and under a too favorable interpretation it might take under Federal control lines that are not in any way necessary or essential or useful in the winning of the war but are in a bad way financially and anxious to be pulled out of the hole. If I were to approach this matter in the way of legislation I should suggest something of this kind. As evidenced by the President's order just read by

the gentleman from Ohio [Mr. COOPER], all of the railroads, big and little, are now under Federal control, and I should propose the following amendment:

That no railway lines shall be excluded from Federal control solely on the ground that the operation of such lines is not essential to the successful operation of the railways by the Federal Government, but any line which competes or connects with lines under Federal control and whose business will be seriously and disadvantageously affected by remaining under private control shall be taken under Federal control if such action is necessary to prevent loss or hardship through the taking over of connecting lines.

An amendment of that kind would clearly take in all going connecting, feeding, and competing lines, but it would exclude a line which was merely a strip of rust not affected by the general taking over of lines and of no value as a part of the railway systems of the country. It would accomplish, I think, rather better than the amendment proposed the object sought; but I shall support the amendment offered because I assume that in any event the bill will go to conference in a form that will make it possible to modify all of these provisions, and when we shall finally reach the point of handling the short lines I think they should be considered on the theory that I have suggested.

Mr. ESCH. Mr. Chairman, I yield three minutes to the gentleman from Arkansas [Mr. GOODWIN].

Mr. GOODWIN of Arkansas. Mr. Chairman, the hearings disclose, as I recall, that there are over 800 short-line railroads in this country, with a capitalization of over \$1,200,000,000 and with a bonded indebtedness of over \$800,000,000, embracing over 30,000 miles of short-line roads. These roads eventuate into trunk lines, many of them. I do not care to speak locally upon a great national question, but others have spoken in that way; and where many have spoken in a local way, then largely what they say represents the attitude of the Nation at large; and if I may be permitted to speak locally, I will say that not only in my immediate section but throughout the great Southwest there are many scores of short-line railroads which not only have become permanent trunk lines, but many of them to-day are in process of being converted and merged into permanent trunk lines. This, of course, is an extraordinary measure—a war measure, pure and simple. We have tried to put forth all of the energies and activities at our command to win the war. It is better to have one general management than many dozens in time of war; and under the authority of the Director General, he may divert traffic from these short-line roads which they in the past have enjoyed to the larger roads; and the small roads have had an uphill business to make tongue and buckle meet, to make a living; and now if, under the authority vested in the Director General to divert traffic from the short-line roads in order to make traffic as expeditious as possible, these roads which have enjoyed tonnage in the past may be deprived of a large part of that tonnage as long as the war lasts, and for the length of time that the roads are to be controlled by the Government after the war is over, then, as a matter of right, they should not be forced into insolvency, but should be put on an equal footing with the larger roads.

Therefore it follows, as night follows the day, if the short lines are discriminated against, if the traffic to which they would be justly entitled is diverted to the larger lines, that bankruptcy stares them in the face, and as a result, of course, in time they will have eventually been absorbed by the large trunk lines at their own price.

No one thing possibly has done more to develop many parts of the country than the short-line railroads, and in their wake towns have sprung up, markets have been opened, farming communities settled, and great sections that were once a wilderness, have become habitations prosperous with the thrift and energy of many thousands of people. To discriminate against these small roads, diverting much freight to the larger trunk lines, means bankruptcy for thousands of investors, insolvency for the short lines, and either their complete abandonment as carriers or their absorption by the large railroads at a nominal consideration.

Not only this, Mr. Chairman, but the operation of these short-line roads is indispensable not only to the communities through which they operate, but likewise to the country at large, if America is to put forth her full energies in transportation and otherwise in a successful prosecution of the war. For these roads are as veins to the larger arteries of the body; they are feeders to the transportation system of the whole country, and absolutely essential as carriers of traffic from thousands of farms and communities to the great commercial centers of the country. Take the sawmill roads alone; these in many cases are the only rail transportation that hundreds of communities have. Destroy them and you not only largely uproot the milling interests properly but you also put out of business many

thousands of sawmill employees, who have never known any other business in life, who are wholly dependent on this character of work for a livelihood.

Again, Mr. Chairman, we are spending and charging up to the war many millions of dollars that ordinarily would not be considered as a war charge. Congress recently passed a bill carrying \$50,000,000 to house the shipbuilders of the country. This was a charge on the war. Our policy as legislators should be to so conserve our resources that when the war is over we may again return as nearly as possible to our normal life and find conditions as nearly normal as possible, and with the thought always that we will not discriminate in favor of the strong and against the weak—not in favor of the great transportation systems of the country and unmindful of the small, struggling roads, that even now are barely able to breathe an existence, giving always equal and exact justice to all whom we call upon to serve or make a sacrifice. I am heartily in favor of the amendment, believing as I do that no injustice should be visited upon anyone and that upon the close of the war we may once more enter as nearly as possible upon our normal life, having always in mind the progress and evolution of our economic and social life.

Mr. ESCH. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. COOPER].

Mr. COOPER of Wisconsin. Mr. Chairman, the pending amendment—it perhaps ought itself first to be amended—will receive my support. I am in favor of having the Government take over the short-line roads. I say this because of my belief, long entertained, that the railroads of the United States, the trunk lines, and all the other roads should be combined into one great transportation system. And in keeping with this belief, and as a consequence of it, I have for many years maintained that the antipooling law ought to be repealed. On this important subject I do not know that I can more clearly express my views than I did on November 19, 1902, in an interview of some length, published in the Milwaukee Free Press, and to a brief excerpt from which I beg to invite the attention of the committee:

"We have by law prohibited railroads from consolidating. We have also prohibited them from pooling. In other words, we have practically endeavored to compel them to be competitors. But yet, just as soon as they begin to practice the ordinary methods of competition and to sell transportation at cut prices they give the favored ones an enormous power which in turn enables them to monopolize the market and crush competitors.

"Now, as to the remedy, I am inclined to the opinion that, under present conditions, a pooling law, carefully, strongly guarded with ample authority of Government supervision, is the most immediately feasible, practicable remedy. Honestly enforced, as it could be, it would afford reasonable rates, stability in rates, something greatly to be desired, and best of all, equality in rates. Moreover, it would do entire justice to the railroads and also to the people. This would give the smaller shipper an equal chance with the trust to transport his products and in this respect tend to preserve the great principle of equality before the law.

"Under the old pooling system, the railroads fixed the rates in secret and the public knew nothing about them and had no supervision over them. Under a proper pooling law the rate would be fixed by strict Government authority and under the supervision of the Interstate Commerce Commission, with privileges of appeal to the United States Supreme Court. The agreement would be public and its provisions known to all the people. If it were unjust in any particular, public opinion would soon find and enforce a remedy. This publicity in and of itself would prove one of the best correctives.

"I know that there are some objections which can be urged to a pooling law, but so there can be to almost any law. But from my study of the problem I see no alternative for this remedy other than Government ownership."

During the years since that interview I have not changed the views then expressed. On the contrary, experience has served to strengthen them.

I am in favor of further amending the present bill by doing away with the provision to fix a time limit. It is absolutely impossible now to tell what conditions will be when this terrific war shall end, how much money the Government of the United States will have to put into the roads, or what complications will then exist. An arbitrary fixing now of a time limit might be a source of great embarrassment to the Government and to the roads. No harm can come by striking it out. Let Congress have the right when the war ends to consider the whole subject thoroughly and to say what ought to be done,

in view of the then existing situation—it may be emergency. [Applause.]

Mr. ESCH. I yield the balance of my time—

The CHAIRMAN. The Chair will state that the time has been checked up since the statement was made before the gentleman from Wisconsin [Mr. COOPER] began to speak, and the Chair finds that the gentleman from Wisconsin has only two minutes left.

Mr. ESCH. I yield that time to the gentleman from Wisconsin [Mr. LENROOT].

Mr. LENROOT. Mr. Chairman, I wish to occupy these two minutes merely in discussing the amendment I have offered and which I understand my colleague, who offered the original amendment, will accept. As the amendment now reads, it seems very clear to me that taking over the short-line competing roads would not be in the exercise of a war power at all. All of the roads that have been taken over under the act of August, 1916, are under the war power and are taken over for war purposes, and clearly, under the method of compensation which we provided, we have no right to take over any road simply upon the ground that it is competing with a road that has been taken over. In other words, to justify the taking over of any road under these circumstances it must be an exercise of the war power. Now, we have a right to say, as the fact is, that every railroad in this country that is a feeder of a system of railroads is a competitor and that it is necessary to carry on the war, and my amendment merely provides for a declaration in the bill itself that these roads that will be taken over under the amendment are necessary for the prosecution of the war, and therefore bring them within the war power of Congress in exactly the same way that the roads are brought in that have been heretofore taken over. I hope there will be no objection to perfecting the amendment so as to make that certain.

The CHAIRMAN. The gentleman from Tennessee is recognized for 20 minutes.

Mr. SIMS. Mr. Chairman and gentleman of the committee, it was evident from the beginning that the standard return as provided in the bill, or as might be provided in any other way, could not apply equitably and justly to all railroad companies that it might be necessary to take over for the better prosecution of the war and for such other purposes connected with the emergency as might be needful or desirable. Now, in order that injustice might be done to none of the short lines, weak lines, or lines in receivership—it made no difference about the length of the lines as far as the principle was concerned; we got to calling them "short lines"—the committee amended the bill from its original form and provided the language found on page 5, the last part of section 1:

If the President shall find that the condition of any carrier was during all or a substantial portion of the period of three years ended June 30, 1917, because of nonoperation, receivership, or any undeveloped or abnormal conditions, so exceptional as to make the basis of earnings hereinabove provided for plainly inequitable as a fair measure of just compensation, then the President may make with the carrier such agreement for such amount as just compensation as under the circumstances of the particular case he shall find just.

Now, that was to cover all railroads taken over by the President where it would be inequitable and unjust to apply the standard return, and practically provides that each road so taken over shall be given such just compensation as the particular circumstances and facts relating to the particular road may require. Many short lines, so called, in the course of construction have not paid dividends. They have built a few miles and bonded them and built a few more and bonded those, and these roads were not sufficiently complete for the traffic to be profitable, yet if that particular road was taken over and used by the Government for Government purposes, of course, it was equitable, right, and just that such payment should be paid for such use as the Government made of it while the road itself was earning nothing in the way of net returns or profits before being taken over. Now, that seems to meet the case of all such railroads so taken over. I have heard no complaint of it.

But there are other railroads, short lines they are usually called, though, in fact, whether short or long lines, that will not be taken over by the President. They seriously complain that if we take over the trunk lines or large systems on which through business is done, and leave them without the benefits which they enjoyed before of soliciting freight and of soliciting shippers to route their freight so as to go over their particular lines, they ought to be relieved from any incidental injury that would come by routing freight over trunk lines that they otherwise would get if they were left with the power to do just what they had been doing, namely, soliciting freight, and have all the benefits they had before. We left it where if the President might find it necessary as a war measure to divert freight that they

otherwise would get, that then he might do it; but that he should divert such other unrouted freight from this particular line to this short line, which it would not otherwise have received, sufficient to indemnify it from the injuries that might otherwise come from diverting such traffic from it.

A proposition of that kind was brought to me by the gentlemen from North Carolina, Messrs. WEBB and KITCHIN, and with some of the presidents of the short-line railroads that did not anticipate their being taken over accompanying them.

Mr. BARKLEY. Will the gentleman yield?

Mr. SIMS. Yes.

Mr. BARKLEY. Was not he also the president of the Short-Line Railroad Association?

Mr. SIMS. One of them was. But Mr. Byrd Robinson was not with them at the time they came to me. They insisted with the committee and with the Director General—if not in person, through others—that this proposition be accepted, to hold them harmless against other roads being taken over that might interfere with the business they could do if the other roads had not been taken over. And it was put in the bill just as it was written and delivered, without the crossing of a "t" or the dotting of an "i."

Now, I do not know what was in the minds of the short-line men. Some of them, as being represented here now, are coming in and saying that they thought that was all they could get, and they accepted it. Now there is a chance, they think, to get more, and therefore they do not want to be estopped or bound by their acceptance of this provision.

Now, I am just like other gentlemen who have spoken here. I have short lines, so called, in my district, and they are all over Tennessee, and Mr. Byrd Robinson is interested in one of the roads of that kind in Tennessee. There are a number of them, and I have every reason, so far as wanting to court the influence and support of the gentlemen who are interested in these short lines is concerned, to be in favor of them. And I am, just as far as I can be without it being at the expense of the taxpayer and the public.

Mr. LEVER. Will the gentleman from Tennessee let me ask him a question?

Mr. SIMS. Yes, sir.

Mr. LEVER. What is the objection to the amendment of the gentleman from Wisconsin [Mr. ESCH], as amended by his colleague, the gentleman from Wisconsin [Mr. LENROOT], where the President must make a finding of fact if it is necessary for these roads to be taken over in prosecution of the war?

Mr. SIMS. It has not been so amended. It has only been proposed to amend it.

Mr. LEVER. What is the objection to the proposition?

Mr. SIMS. I am going to try to give you the objection if I can.

Now, what is the amendment of the gentleman from Wisconsin [Mr. ESCH]? It is an amendment, as I understand and as he admitted, that was adopted in the Senate yesterday, and its language is:

That every railroad not owned, controlled, or operated by another carrier company, and which has heretofore competed for traffic with a railroad or railroads of which the President has taken the possession, use, and control, shall be held and considered as within "Federal control," as herein defined, and shall be entitled to the benefit of all the provisions of this act.

How many of these short-line railroads that at one end go nowhere, so far as any other railroad is concerned, and unite with a trunk line at the other end? Have they been competing with the trunk line? How could they be competing with it? They can solicit freight from shippers to be sent over their road. Now, where one of these so-called short lines might reach from one trunk line railroad to another trunk line railroad, and the freight might be routed over the trunk line one way and then diverted over on the short line, say, a 50-mile road, and on one of the lines it connects with it might get 40 miles of the haul and on the other 10 miles, it would be to the interest of the short-line men to get shipments from the trunk lines on which it would get the greatest division of the through rate. That is the only competition that I can imagine between any of these so-called short lines with a trunk line railroad that would be taken over.

Now, this amendment only applies to roads not taken over but that do compete with some road that is taken over. Look to what you are creating here. How many such roads are there in the United States?

Mr. HARDY. Will the gentleman yield?

Mr. SIMS. I will.

Mr. HARDY. Does not this bill take care of those short-line roads that are leased to trunk line roads, providing that the lease-contract arrangement shall be continued?

Mr. SIMS. It does not abrogate any lease contracts.

Mr. HARDY. In that way, then, the bill takes care of these leased short lines, and only leaves the unleased lines?

Mr. SIMS. The bill takes care of affirmatively only the short lines taken over, and endeavors to avoid harm coming to those not taken over. That is, the bill as it stands is exactly what the gentlemen who are interested in these roads represented to us they wanted.

Let us look this matter squarely in the face. What is the object and purpose of this amendment? It is to force the President to take over a road that he has no use for as a war measure or any other purpose incidental or connected with the emergency that may be needful and desirable. Now, you gentlemen who have raised the red flag against Government control and Government ownership are now voting for it in principle, because in taking over these roads, according to your own showing, you are not taking them over as a war measure or for any other purpose incidental to or growing out of it.

You are taking them over in order that the Government may pay out of the pockets of the taxpayers any incidental injury that they may receive during this war. Now, on the theory of that, if you take over one factory for the purpose of manufacturing war material, clothes for uniforms, or anything of that sort, and some other factory somewhere else is manufacturing those things, and it comes and says, "Here, Mr. Government, you have taken over that factory and you are damaging my business by doing so, and now you must take mine over, too."

Mr. KINCHELOE. Mr. Chairman, will the gentleman yield right there?

Mr. SIMS. Yes.

Mr. KINCHELOE. Is it not a fact that if we support the amendment offered by the gentleman from Wisconsin it is looking solely to the interest of the stockholders in the matter rather than to the prosecution of the war?

Mr. SIMS. Yes; and the bondholders. Now, let us see how far that will go.

Mr. GOODWIN of Arkansas. Mr. Chairman, will the gentleman yield?

Mr. SIMS. Yes.

Mr. GOODWIN of Arkansas. The stock of many of the railroads of this country, the large trunk lines, is quoted at 3 or 4 per cent. They will be taken over.

Mr. SIMS. Yes; and why? To help them?

Mr. GOODWIN of Arkansas. Why not, then, take over the others?

Mr. SIMS. Are they taken over to help the country or to help the roads? Which side are you on—to help the country or the roads?

Mr. GOODWIN of Arkansas. The law provides for taking some of them over and discriminates against others by not taking them over.

Mr. SIMS. The law provides for taking them over, long or short, for any purpose the Government wants.

Now, the following Senate amendment follows immediately in the same bill:

Provided further, That the President may relinquish all railroads under Federal control at any time he shall deem such action needful or desirable. No right to compensation shall accrue to any owner from and after the date of relinquishment for property relinquished under authority of this section.

You give the President the power to do that, which is for the protection of the country. You provide that if he should take over a railroad, thinking it was needed under the law and under the facts by the Government, and he discovers by July 1 that it is not needed, he can relinquish it or any part of it, or by agreement relinquish any other railroad.

Now, what are you doing? You are voting here by law to place every railroad in the United States, whether it is needed for war purposes or incidental to or growing out of it, or for ordinary commerce, in the hands of the President simply in order that he may have an opportunity between now and June 30 to relinquish every one of them? Now, are you going to put this amendment in and have the Senate provision that immediately follows it authorize the President to immediately relinquish every road thus taken over?

If I were advocating Government ownership, I would howl for this amendment forcing the Government to take over a carrier without any excuse under heaven for taking it over except that the railroad companies may be injured if you do not do it. Unification is desirable, and yet you are getting unification at the expense of the taxpayer if we are to take over every railroad in the United States, whether it is needed or not for war or related purposes.

Mr. OLIVER of Alabama. Mr. Chairman, will the gentleman yield?

Mr. SIMS. Yes.

Mr. OLIVER of Alabama. Suppose the bill, as drawn by the committee, should take over a trunk line? Would that force it to take over all the subsidiary lines in connection with that trunk line?

Mr. SIMS. It could take over all the lines belonging to that road constituting a system of transportation.

Mr. OLIVER of Alabama. The Government has not the right to exclude the short lines belonging to that road?

Mr. SIMS. It may take over a system, a railroad, or any part of it.

Mr. OLIVER of Alabama. You understand it can take over a part of a system to the exclusion of the other part?

Mr. SIMS. Yes. That is the law. Here is the law.

Mr. REAVIS. Mr. Chairman, will the gentleman yield?

Mr. SIMS. Yes.

Mr. REAVIS. I would like to understand the gentleman's position. Do I understand the gentleman to advocate that, through the exercise of the war power conferred by this bill in the rerouting of freight or otherwise, the sole source of revenue on a short-line road should be taken away from it, and it is not entitled to compensation by the Government?

Mr. SIMS. It will not be taken over unless it is necessary as a war measure, and if traffic is diverted from a road not taken over the President is authorized to reroute other freight over that road in order to compensate it and make it whole, as to the loss of traffic to other roads taken over.

Mr. REAVIS. If in the exercise of the power granted by this bill the source of revenue were taken away from the short line, or otherwise, should not the Government compensate that road for the injury?

Mr. SIMS. Yes; in the way I have stated the President may compensate it. But I do not think it is right to take a railroad over just for the luxury of having done so, when nothing grows out of it in the way of benefits to the Government either as a war measure or otherwise.

The CHAIRMAN. The time of the gentleman from Tennessee has expired. Under the order of the House all debate on this amendment and all amendments thereto has expired. The gentleman from Wisconsin [Mr. LENROOT] offers an amendment to the amendment.

Mr. ALEXANDER. Mr. Chairman, can we have the original amendment reported first, and then the amendment offered to the original amendment?

The CHAIRMAN. Without objection, the original amendment will again be read.

The Clerk read as follows:

Amendment offered by Mr. ESCH: Amend section 1 by adding thereto, page 5, line 19, the following as a new paragraph:

"That every railroad not owned or controlled or operated by another carrier company and which has heretofore competed for traffic with a railroad or railroads of which the President has taken the possession, use, and control, shall be held and considered as within Federal control, as herein defined, and shall be entitled to the benefit of all the provisions of this act."

Amendment offered by Mr. LENROOT to the Esch amendment: After the word "defined," in the Esch amendment, insert the following: "and necessary for the prosecution of the war," so that the amendment as amended will read as follows:

"That every railroad not owned or controlled or operated by another carrier company and which has heretofore competed for traffic with a railroad or railroads of which the President has taken the possession, use, and control, shall be held and considered as within Federal control, as herein defined and necessary for the prosecution of the war, and shall be entitled to all the benefits of the provisions of this act."

Mr. ESCH. I ask unanimous consent to offer a verbal amendment, to change the word "nor," in the first line of the amendment, to "or."

The CHAIRMAN. The Clerk has already modified that. The question is upon the amendment to the amendment offered by the gentleman from Wisconsin [Mr. LENROOT].

Mr. GREEN of Iowa. Mr. Chairman, a parliamentary inquiry. Is a further amendment to the amendment in order?

The CHAIRMAN. The question will first be taken on the amendment to the amendment proposed by the gentleman from Wisconsin [Mr. LENROOT].

The question being taken, on a division there were—ayes 96, noes 30.

Accordingly the amendment to the amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I desire to offer another amendment to the amendment.

The CHAIRMAN. The gentleman from Iowa offers an amendment to the amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. GREEN of Iowa to the amendment offered by Mr. ESCH: After the words "possession, use, and control" insert the following: "or which connects with such railroads and is engaged as a common carrier in general transportation."

The CHAIRMAN. The question is upon the amendment to the amendment offered by the gentleman from Iowa [Mr. GREEN].

The question being taken, on a division (demanded by Mr. ESCH and Mr. DOREMUS) there were—ayes 73, noes 37.

Accordingly the amendment to the amendment was agreed to. The CHAIRMAN. The question is upon the amendment as amended.

Mr. LANGLEY. Mr. Chairman, I ask that the amendment as amended be read again. I did not quite catch it.

SEVERAL MEMBERS. Oh, no!

The CHAIRMAN. The gentleman from Kentucky asks unanimous consent that the amendment as amended be again reported. Is there objection?

Mr. FOSTER. I object.

The CHAIRMAN. The gentleman from Illinois objects. The question is on the amendment as amended.

The amendment as amended was agreed to.

Mr. DOWELL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Is the gentleman a member of the committee?

Mr. DOWELL. No.

The CHAIRMAN. The Chair will first recognize the gentleman from Virginia [Mr. MONTAGUE], a member of the committee, to offer an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MONTAGUE: Page 5, line 13, after the word "receivership" insert the following: "or where recent expenditures for additions or improvements or equipment were not fully reflected in the net operating railway income of said three years, or a substantial portion thereof."

Mr. MONTAGUE. Mr. Chairman, I will say this is the provision contained in the Senate bill and reported by the Senate Interstate Commerce Committee to the Senate bill. It simply undertakes to make more certain the language used in the paragraph and to make it clear that the discretionary power in dealing with roads that have not had time, by reason of extraordinary circumstances or the opportunity, to reflect their income in the operating revenue as such shall be included. I imagine that there will be no objection to it. The Committee on Interstate and Foreign Commerce have not formally passed upon it, but I have shown it to several members of the committee, among them the chairman and the gentleman from Wisconsin [Mr. ESCH], and others.

Mr. LENROOT. Will the gentleman yield?

Mr. MONTAGUE. I will.

Mr. LENROOT. I should like to ask the gentleman whether it is not the claim of every railroad company that their net earnings do not and have not during the past three years fully reflected the earnings that they were entitled to by reason of betterments and improvements?

Mr. MONTAGUE. That may or may not be. The gentleman knows as much about that as I do. I am simply trying to make the paragraph mean what it is intended to mean; that is all.

Mr. LENROOT. If it is true that every railroad makes that claim, does it not leave the discretion of the President unlimited, so far as any railroad is concerned, and leave him without any limitation as to the amount which he may agree upon?

Mr. MONTAGUE. If it does, I will say to the gentleman that it is already in the section.

Mr. LENROOT. No; certainly not.

Mr. BORLAND. Mr. Chairman, I move to strike out the last word of the gentleman's amendment. If I correctly understood the purport of the last amendment just adopted by the committee, this amendment of the gentleman from Virginia is more necessary than ever. Apparently by the last amendment we have decided to take over all of the lines, whether the President considers them necessary or not, that happen to be competing with any of the lines that are taken over. Now, when the order was issued to take over these transportation companies, it is my understanding that only such as were absolutely essential as a war activity were going to be taken over, and very wisely, I think, a great many railroads were excluded from the operation of the order taking over the railroads. But apparently we have decided that these railroads are to be taken over if they compete with the roads in the hands of the Director General.

Mr. MONDELL. Will the gentleman yield?

Mr. BORLAND. Yes.

Mr. MONDELL. When were any of the roads excluded? They were certainly all included in the order, and my recollection is that Secretary McAdoo in his statement before the committee said that all of the roads were notified and all were included in the order, and that none had been excluded up to this time.

Mr. BORLAND. I am not able to quote any of the orders, but my understanding is that from time to time the Secretary has released certain roads that were included in the original

blanket order. I think I am correct about that, and that he purposes to release some other roads that prove not to be necessary in the operation of the systems for military purposes. Now, it does seem to me that he would naturally release a great many of these roads that were not completed or not being operated during the last three years.

That would be the class of roads that he would naturally release, because it would be hardly necessary to burden the Government with the management of those roads and with the use of property whose owners themselves are not able to make use of it. But here we adopted an amendment a few minutes ago that will take over these roads notwithstanding the wishes of the Director General or the President. I understand the claim is made that the whole matter will go to conference. On the contrary, I understand that the whole matter will not go to conference. The Senate having adopted one amendment, and we having adopted that amendment with certain amendments, the only thing in conference will be the amendments that we have added to the Senate amendment. So practically we have decided in both Houses in favor of the railroads.

Mr. ESCH. Will the gentleman yield?

Mr. BORLAND. Certainly.

Mr. ESCH. It is likely when we consider the House bill that we will move to substitute it for the Senate bill, and where we substitute it for the entire Senate measure the conferees are not bound.

Mr. BORLAND. That would put the matter in better shape.

Mr. LENROOT. Will the gentleman yield on that point?

Mr. BORLAND. Yes.

Mr. LENROOT. It may not be proper to talk about another body, but the Senate has held that in any substitute bill where language is identical in both bills, the conferees are not free to change the language.

Mr. BORLAND. That is my understanding. The whole matter is one of policy, and that policy being whether we are going to take over a lot of railroads for the benefit of the railroads, or take them over exclusively as a war policy, as a necessary preparation for war. If we are following the latter policy, taking only the roads that are necessary to strike the enemy, we are taking over a different class of roads from what is contemplated by the last amendment. We ought to take over roads absolutely essential and leave out all roads that have not been successfully operated, and which do not seem to be an economical necessity according to the record of the last three years. So it seems that the amendment offered by the gentleman from Virginia [Mr. MONTAGUE] is more necessary than before. It will give the President authority to make contracts with all roads whose expenses during the last three years have been abnormal.

Mr. SLAYDEN. Will the gentleman yield?

Mr. BORLAND. Yes.

Mr. SLAYDEN. Does not the gentleman think that if we take over the roads generally as a war measure that where it operates disastrously on some roads, going business concerns, short lines, that they are entitled to some consideration because of that fact, if the taking over will bring them disaster?

Mr. BORLAND. Yes; I have seen that standpoint. These small lines claim that now they are competing with the larger lines, soliciting business, making traffic arrangements, and getting a share, possibly, of the Government business; but after the larger lines are taken over by the Government the Government business will all go to the roads under Government management and that the smaller roads will be somewhat crippled in the opportunity of obtaining traffic.

Mr. SLAYDEN. Very seriously crippled and perhaps destroyed.

Mr. BORLAND. Under section 9 we have attempted to take care of it as far as we can by legislation. We have said that the Director General must not disturb the traffic arrangements of the roads not taken over, except so far as the transportation of war materials is concerned, and then in case such change does reduce the tonnage to divert other tonnage over the line as far as possible to make up the loss. As far as I know, the short lines are agreed to that proposition.

Mr. SIMS. I yield five minutes to the gentleman from Texas [Mr. DIES].

Mr. DIES. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DIES. Mr. Chairman and gentleman of the Congress, on last evening the gentleman from New York [Mr. LONDON] received 17 minutes of the time of this Congress to make a Bolsheviki speech. Some days before he was designated by the Speaker

of this House to occupy the chair under the flag and near the likeness or painting of the Father of our Country, a very incongruous thing, I thought, in view of the fact that he thinks Washington one of the worst enemies that democracy ever had. I wondered that this man, who believed our experiment has been a failure, should ever have been allowed to occupy the Speaker's chair [applause] under the flag of our country.

Now, I have only 10 minutes, but I am going to get an hour of time in a few days, and I am going to make a Democratic speech. It is not going to sound anything like the London brand of democracy that he has talked about.

This is what he said in his speech:

The value of a political democracy lies in the opportunity of the people to evolve into an industrial democracy.

Ours has been a political democracy under Washington and Jefferson and Madison and Hamilton, a democracy that guarantees property rights and the rights of life and liberty and the pursuit of happiness. He says that it is a right to evolve into a Bolsheviki industrial democracy, the like of which is now seen in Russia, where we have a demonstration of the efficacy of the Bolsheviki democracy. Nowhere, my friends, under the canopy of heaven has mankind been vouchsafed so great a Government as this which our fathers instituted and perpetuated up to this time. [Applause.] Wherever in all the annals of history has religion been so free to worship God under the dictates of his own conscience as America? Wherever have the portals of hope and opportunity been so wide open as in this our free land of liberty in America? And yet this man comes and says he wants it to evolve, "evolute" into an industrial democracy, the like that Lenine and Trotsky are practicing in Russia to-day.

What is that democracy? It is to go into the stable of your neighbor and take his horse, to go into the fields and take his plow, to go into the highway and, as you go, take his property, and he calls that industrial democracy. And when the great German Empire approaches the Bolsheviki socialism of the gentleman from New York [Mr. LONDON], what does that socialism say in response to the edict of the Kaiser? "Well, now, do not come any further, because we will make a speech on you if you do." [Laughter.] You stop raping the women and burning the houses and killing the stock, because if you do not we will pass a resolution on you." [Laughter.] And in the meantime the Bolsheviki socialism of evolution stops and cringes beneath the iron hand of German imperialism. In the name of God, democracy, Washington, Jefferson, and Hamilton, we shall have none of that in our country. [Applause.]

Do you know, I have heard so much of that, and it is so weak and impotent, that I have become thoroughly disgusted with it. Let the gentleman from New York [Mr. LONDON] rise before this majestic Congress, the greatest representative body on earth, and let him tell—or anyone who ever lived on this earth—of any country that has had as much in its life of hope and liberty and justice as the American Republic has had for the last hundred years. And yet he says we can make it better. Well, you have got a Swiss watch, we will say, in your pocket. None was ever made better. No man can rise and say that watches were ever made better; but yet some watchmaker comes along and he says, "Let me have it; I can take the works out of it and make it better"; and will you turn it over to him? No, no. My friends, this question needs to be aired before the American people. This is the greatest Republic that the genius and the patriotism of man ever instituted, and under our great Constitution there has been afforded to the people more hope, more courage, more pride than was ever vouchsafed in any Government before; and are you going to let a lot of ignorant-headed Socialists try an experiment on you? You have had your rail-splitting Lincoln, you have had your Grover Cleveland sweeping the office, you have the greatest railroad system in the world and the greatest system of Government in the world, and yet you have let a Socialist from New York stand up there under the flag of our country, and in the very presence of the portrait of the Father of our Country, and say that this country has been the greatest failure in the world! In the name of God, it has been the greatest Republic in the world, and men have been afforded the privilege of pursuing their inspirations and their religion more freely than anywhere else in the world.

A man in the ditches digging can become its president; a man who split rails on the farm in Illinois could become the great leader of freedom in the world. [Applause.] He has been, and yet the gentleman from New York comes and says: "We will make it a Russian Bolsheviki, an evolution of democracy." Without honesty in the state there can be no liberty; without property rights and the respect of property rights there can be no liberty. Your peasant to-day who takes his master's farm is not only a patrician in point of land owner-

ship, but a thief from the soil as well. If you could break down this great democracy to-day, if you could steal the land from the landed man, take his horse and his mule and his cow and his cultivators and his tools from him, still the same problem of life exists. You have got to cultivate the soil, you have got to have morality in the people. It has got to be a citizenship of democracy to produce the food of life and the raiment of life. Suppose you steal the railroads; suppose you take them, and if you take the farms and the banks and the factories from those who toil and who by thrift and self-denial have accumulated the property of the country, you will have a national dishonesty in feeling; and, in addition to that, the old earth will never give her fruit except to those who toil. No more corn shall ever grow; no more wheat shall ever bud and bloom and make the bread of the world, except that labor go into the fields and strive and struggle for it; and I commend to socialism these words—honesty, liberty, thrift, and toil. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. FORDNEY. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for 10 minutes more.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent that the gentleman from Texas be permitted to proceed for 10 minutes. Is there objection?

There was no objection.

Mr. DIES. Mr. Chairman, without immodesty I may say I have read something of the history of the world. I know something of the struggle of roving bands before the Greeks formed themselves into little bits of republics. I have followed down through the great Roman Empire, through Charlemagne's aggregation of power. I have studied the attempt of mankind to have free government, and this effort upon this hemisphere has been the most nearly complete and successful that the children of men have ever made. [Applause.] The gentleman from New York [Mr. LONDON], my Socialist friend, can not find in all the history of the world a government he would prefer to this. Where would you go to seek it? Would you go to Sparta, with its iron money and its iron rule, or to Athens, with its failures of a pure democracy? Would you go to Rome or to the Dutch Republics or to the Amphictyonic League? No! Even the gentleman from New York is advised sufficiently to tell you, if you ask him the question, that this is the greatest republic, the most complete democracy the world has ever seen; and so it has been; and he could not prefer another over it. Then, I ask you a question. If our fathers had builded a bulwark of liberty here, if here they have raised a government of liberty that surpasses all that our forebears were ever able to do in the history of the world before, when did it come to pass that you and I should sit under the drippings of the fountain of the gentleman from New York [Mr. LONDON], who follows Lenine and Trotzky, who backed off before the German machine to-day? You have got to meet power with power. To-day we are taking over the railroads, or the President has already taken them over and we are ratifying what he did—not that we believe in government ownership of railroads, but we believe, as the Roman people believed, that in a national emergency you must have concentration of power.

They said in the midst of war the laws are silent. They established a dictatorship. You must meet German imperialism to-day with concentration of power, and we are going to give the President, whoever he is, whether it were Roosevelt I would say the same, whether it were Champ Clark I would say the same, whoever would be in the White House to-day I would say the same thing—give him the power that he may focus in his own will all the strength and resources of the American Republic to do our bidding. [Applause.] And do not you ever think that we will tolerate socialism and the arguments of socialism in this national emergency. We mean to get back all the power of the people when this war is over. [Applause.] We mean to get back all the principles our fathers won and exercised when this war is over, and we are not going to have any of your socialism, your Lenines and Trotzky's, men who want to put women in the trenches to dig, your miserable socialism that interposes debate in your army and speeches and skulking cowardice to the enemies of one's country as they come with fire and sword, and you back off and say, "Don't you do it; if you do we will make trouble with you." [Applause.] Not that. We mean to interpose the breasts of our valiant youths; we mean to interpose the wealth of America, the solidarity of America, the Republic of America, against the concentrated aggression of German imperialism. I have not any sympathy with your Lenines and Trotzky's. I have no sympathy with Russian socialism that is

ground in the dust. They are getting what is coming to them. They imagine it is Russian socialism if you steal land or steal a plow or steal the fodder or steal a mule or steal horses. You think that means democracy? Democracy means law and order; democracy means property rights guaranteed to those who sow the seed that they shall reap the harvest; it guarantees to those who build that they shall live in the houses they have built. Liberty without property rights is nothing, worthless, and you find it so now.

One time I saw in Haiti among the negroes who overthrew their masters a lot of old, rotten, standpipes of the sugar factories. They wanted land, but when they got it they would not work it, and I know that if you gave my friend from New York [Mr. LONDON] 160 acres of land and four mules he would not work it. [Laughter and applause.] There is not going to be any socialism here; no socialism. We are honest. My dollar is my dollar, and when a man works a day and gets \$2 and saves a dollar that he puts aside that is his money; that belongs to him to shelter him in his old age; it is his home, his bulwark, his place of refuge. We are not going to have socialism here, my friends. And listen. Let me tell you something. Your dream of socialism is a nightmare in Russia to-day. Go get your Lenines and Trotzky's behind their defeated lines and falling empire. Do not ask a Republic, the democracy of Hamilton and Jefferson, of Lee and Grant and Lincoln, to subscribe to your theory of demoralized socialism because the laborer is worthy of his hire and the man who struggles to win property, sweats for it and denies himself to be something, he is not entitled to be shattered by the dream of socialism. And it will not occur in this country. Gentlemen, this speech is provoked by seeing the gentleman from New York [Mr. LONDON] sitting under the flag that he says was a failure [applause], near the picture of the Father of his Country who gave us the Republic. The gentleman says he could have done much better if he had been President at the time. I wonder, my friends, how many of you in this audience to-day think a greater constellation of States could be formed than that our forefathers erected?

SEVERAL MEMBERS. Only one.

Mr. DIES. Only one! Now, listen, I will tell you this; I want to compliment you, but I can not do it. You know we are dreaming away a great heritage. A great Republic has been builded for us; the great heritage of democracy, the like of which the world never saw in all the annals of history, has been handed down to us. Here is liberty; here is the right to worship; here is security of property and life; here is a great Republic, the like of which the world never saw, and men sit down and doze while men like the gentleman from New York fiddle while republics disintegrate. [Applause.] I bid you, I bid you, my friends, give the President all the power he seeks. In the name of God, when the war is over, take it away from him; take it back to yourselves and your country. [Applause.] And let this be a free Republic, secure in property rights and secure in individual rights, where in the name of God the blighting shadow of Bolsheviki socialism may come to haunt our dreams no more. [Applause.]

Mr. LONDON. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman moves to strike out the last word.

Mr. LONDON. Mr. Chairman, may I ask unanimous consent to proceed for 10 minutes?

The CHAIRMAN. The gentleman from New York asks unanimous consent to proceed for 10 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. LONDON. Mr. Chairman, I shall endeavor to answer soberly and in a spirit of kindness the remarks of the eloquent gentleman from Texas.

I addressed my remarks yesterday to the distinct proposition of the public and national ownership of railroads. The gentleman from Texas [Mr. DIES] is probably not familiar with the American literature that has grown up on this subject, and I would recommend to him that, in addition to the information he has received about the fathers of this Republic, whom I revere as much as he, that he should enlighten himself on the literature of political economists who advocate national ownership of public utilities. I would recommend, among other books, the book "The Railways, Trusts, and the People," by Prof. Frank Parsons, the author of a number of books, and one of the best-known scholars in the science of political economy.

When the gentleman talks about socialism, I can not take him seriously at all; he does not know what he is talking about. When he talks about the greatness of this country, I

agree with him. No man in the world loves this country with a deeper love than I do, but to me democracy is not a static condition. To me democracy is force in action. Democracy must necessarily be dynamic. Lincoln, Washington, Jefferson were great because they met the problems of their day and hour. They did not point to the great men who preceded them centuries before. The gentleman looks to the grave all the time from his little village in Texas. He studies the past and points backward all the time. I have my face toward the sun. [Applause.]

This Republic is a glorious country. It has made inestimable contributions to the progress of the world. It has established the principle of religious freedom. It has welcomed the oppressed of the entire world. It has opened opportunities for all. It has done away with the religious prejudices of the hypocrite, of the narrow-minded, of the fool, and of the vulgar. It has done away with them. Here and there in some obscurantist mind religious prejudice may still linger for a while, but it is bound to be dispelled in the sunshine of genuine Americanism.

Socialism is a legitimate doctrine, a doctrine which seeks to preserve property to the man who produces it. When millions of men toil away their lives and find the result of their labor accumulated in Wall Street, they seek a way of giving to the people the product of their toil. Is it wrong to suggest industrial democracy as the way? The gentleman does not believe in the socialism of democracy; he believes in what a Democratic President, Cleveland, called the "communism of pelf."

The statesman from Texas treats with contempt those poor unfortunate men in Russia who have gone through centuries of oppression and through pain and martyrdom, who have been led by an unspeakable tyrant into a war not of their making. These poor men are trying to build a republic, build a free nation for 180,000,000 men; and you treat them with contempt, you flout them, you ridicule them. Is that American? I deny it. Every American heart is filled with sympathy for that long-suffering people. [Applause.]

Have not all statesmen, all Republican and Democratic Presidents, the right to make mistakes? Then, give the same right to the representatives of the poor people. In the year 1066 a band of pirates seized England and divided the land among their pals; and their division of 1066, sanctified in 1085, is the basis of England's economic, juridical, and political institutions up to date, and the great-great-grandchildren of those pirates are the aristocracy of that land to-day.

If it was right in 1066 to lay the foundation for land ownership and for the law and for the political and economic institutions for one country, why is it wrong for the 180,000,000 men who till the soil and who work and who labor—why is it wrong for that 180,000,000 people to try to establish an economic system which shall secure to every one of those 180,000,000 men access to the soil and the right to live the life of free men?

Just recall the long struggle of this little Republic to establish a Government. Do you realize what these men had to live through. Is it fair to talk of Russia's experiment to-day as a socialistic experiment? Can you make an experiment in socialism under the conditions which surround her? Can you improve a ship when it is struggling not to be wrecked? That is Russia's condition to-day. Socialism is not being experimented upon there. The land is in agony; everything there is abnormal. War and revolution combined flow terrible. We all hope that Russia will not rest until every feudal landowner is driven not only from the soil of Russia but from the soil of Europe forever. We all hope that, and that is one of the aspirations of the socialist movement. No matter what happens, we must treat Russia with love and tenderness.

Please do not talk of the socialist movement as if you knew something about it. The gentleman from Texas is a very brilliant man and I am very sorry to see his brilliancy going to waste in the choking atmosphere of the cloakroom. He has not been much on the floor. When he talks to me about socialists refusing to work, he is wrong. It is true that I would not work with mules. My work is against mules. I have tried to do my duty as I saw it, inviting the attack of the uninformed, of the prejudiced, and of the vulgar, and I must say there has been but very little of it on the floor of the House. Although only five hours from New York, I have not been going home very often. I am always here, studying men, studying legislation, watching and observing, striving to know more, so as to be more useful.

I am doing my duty as well as any other Member of Congress, and I am working as hard as any Member of Congress ever did. [Applause.] I refuse to accept either the wisdom or the methods of the gentleman from Texas.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. LONDON. Just half a minute more.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. LONDON. I hope our discussion has not degenerated into a personal squabble. I really do not want to be mean to the gentleman from Texas. I do not think he intended to be mean with me. He simply disagreed with my views. I beg to assure him that, so far as the high ideals of American democracy are concerned, I do not yield to any man or woman in love and admiration for the fundamental spiritual ideals of America—the love of liberty for every human being. We differ as to how best to secure that liberty. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired. The question is on agreeing to the amendment offered by the gentleman from Virginia [Mr. MONTAGUE].

The amendment was agreed to.

Mr. SIMS. Mr. Chairman, there is nothing pending before the committee. I ask that the Clerk read.

Mr. DOWELL. Mr. Chairman, I offer an amendment and ask to have it read.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Iowa.

The Clerk read as follows:

Amendment offered by Mr. DOWELL: Add to section 1 the following: "Provided, That in no case the income—that is, the sum remaining after deducting for operation, maintenance, taxes, fixed charges, interest on funded and unfunded debt, and all other items of expense according to the system of accounting established by the Interstate Commerce Commission, of any such carrier—shall exceed 7 per cent on the par value of its stock outstanding on the 31st day of December, 1917."

Mr. DOWELL. The taking over of the railroads by the Government necessarily involves the payment of a reasonable compensation for their use. Every fair-minded person, of course, believes that these companies should receive a fair and just compensation. Under the plan proposed in the bill the President is authorized to pay a sum equal to the average net income the road received for the three years prior to June 30, 1917. It is apparent to everyone that these railroads have not all been earning the same profits. While many of the roads have been exceedingly profitable, others have received but small incomes. If the railroad has not received a reasonably fair income during the three-year period referred to, then the President is authorized to make such agreement for compensation as, under the circumstances, he shall find just. In other words, to the company receiving the large income during the three-year period the President is authorized to continue the payment of this large income. To the company not receiving what is deemed by him reasonable he is authorized to increase the income to a reasonable and just compensation.

I am advised that many of these roads during the period referred to have been receiving very large incomes, while others, of course, do not receive so much.

I want to call your attention to the further fact that under the provisions of the bill the Government must keep these roads in good repair. The Government is responsible for all of the upkeep of the roads. The stockholders assume no responsibility whatever. The Government assumes all of the risk and it agrees that these roads will be kept in as good condition as they were in when taken over by the Government. I assume that the Government will keep both the letter and spirit of this agreement. Above these expenses, I believe everyone desires to pay to these roads what is reasonable and right; but under the circumstances, it seems to me, we should pay no more. This amendment leaves abundance of latitude.

The Government is calling upon our citizens to make sacrifices they have never known before. It has called upon them in the past and they have patriotically responded to every call. It must call upon them again and again, until this war is ended in a great victory. I know and you know that the people of America will respond to this call until victory is won. But it does seem to me that all should sacrifice in the same way. We should not take from one and give it to the other. Every citizen owes exactly the same obligation to his country in this crisis.

I submit that the average net income of many of the large railroad companies for the three years prior to June 30, 1917, according to the reports from the Interstate Commerce Commission, is much more than the Government should pay for the use of these roads, and this amendment is for the purpose of limiting the compensation of all roads receiving larger incomes than are reasonable and just. [Applause.]

Mr. VENABLE. Mr. Chairman, I think this amendment should be voted down, for the following reasons: Of course, Congress can not exercise the power of taking private property for a public use without just compensation, which is a sound principle upon which we are all agreed; neither is the saying of

what is just compensation a part of the function of the legislature. It is necessarily and essentially the exercise of a judicial function, or a function of the judiciary, to determine what is reasonable, and it has been so decided in numerous decisions. Otherwise you would have the agency which was taking away the property of the citizen by legislation deciding what that citizen would receive, instead of invoking the impartial tribunalship of the courts.

Now, unless your bill, which takes private property for public use, provides some method by which the citizen can go into the courts and get a determination of what is just compensation, it is unconstitutional, as I understand it. So this Congress can not say that 7 per cent is a reasonable amount, because that does not lie within our function, if we are undertaking to determine what the citizen shall receive at all events. If, however, it is sought to put this in simply as a limitation upon the discretion which the President shall exercise in his negotiations with the owners of these roads in the effort to reach an agreement, we are possibly interfering very seriously with the accomplishment of one of the main purposes of the bill, which is to see if an agreement can not be reached, and, by so doing, avoid the flood of litigation which will come if you do not provide some reasonable way by which the claims of the owners of the roads can be settled out of court.

Mr. RAMSEYER: Mr. Chairman, will the gentleman yield?

Mr. VENABLE: Yes.

Mr. RAMSEYER: The gentleman understands that the amendment offered by the gentleman from Iowa [Mr. DILLON] limits the compensation or limits the power of the President in making this agreement. I think it was the last.

Mr. VENABLE: I understood it was the last.

Mr. RAMSEYER: It is a proviso.

Mr. VENABLE: Yes; it was the last, because it would be a nullity if you gave it the first construction. It would be clearly unconstitutional.

Mr. RAMSEYER: It is the last.

Mr. VENABLE: I am assuming that it could be one or both, according as I understood the language. Now, then, this Congress—

Mr. LITTLE: Do I understand the gentleman to suggest it is unconstitutional to limit the rate of interest?

Mr. VENABLE: Yes.

Mr. LITTLE: You have another guess coming.

Mr. VENABLE: That is a difference of opinion. Otherwise we would not have debates. I say that if this Congress would undertake to take the property of the citizen and at the same time fix what the citizen should receive from the property, your act would be unconstitutional, because it has been held time and time again that the determination of what is just compensation is not a legislative but a judicial function, and by fixing compensation by legislative enactment, without giving opportunity for judicial determination, you deny due process of law.

Mr. LITTLE: Does not the law limit the rate of interest that a man may receive on the money that he loans?

Mr. VENABLE: As I understood the amendment, it was to fix the compensation which should be paid to these railroads for the use of their property.

Mr. LITTLE: What is the difference between fixing the maximum compensation that railroads shall receive and fixing the maximum interest which a loan broker shall receive?

Mr. VENABLE: Oh, the greatest difference in the world. In one case you are taking a man's property against his will. The legislation of your State fixing the rate of interest on money loaned simply provides what shall be lawful for the parties to agree upon between themselves, fixing the outside limit. There is no deprivation of property under your interest-fixing statutes in the various States.

Mr. LITTLE: There is no deprivation here. Is not this a guarantee of the preservation of property?

Mr. VENABLE: We are not asking these railroads whether they want to be taken over or not. We are taking them over.

Mr. LITTLE: We have got them.

Mr. VENABLE: We have already got them. We would have taken them over whether they agreed to it or not, and we can not take them over under the Constitution without providing just compensation.

Mr. DILLON: Mr. Chairman, I have a substitute which I desire to offer.

The CHAIRMAN: An amendment to the amendment?

Mr. DILLON: A substitute.

The CHAIRMAN: A substitute for the amendment?

Mr. DILLON: Yes.

The CHAIRMAN: The gentleman from South Dakota will send his amendment to the desk.

The Clerk read as follows:

Amendment offered by Mr. DILLON as a substitute for the amendment offered by Mr. DOWELL: Add to section 1 the following: "Provided, That the Government guaranty to the carrier provided herein shall not in any case exceed 7 per cent of its capital stock outstanding on December 31, 1917, to be ascertained according to the system of accounting established by the Interstate Commerce Commission."

Mr. PARKER of New Jersey. Does the gentleman by his amendment mean 7 per cent on the par value or on the market value of the stock?

Mr. DILLON: The par value.

Mr. PARKER of New Jersey. When certain stock has been selling at 200 or 300, and people have bought and sold it for 20 or 30 years, do you expect to give them only 7 per cent on the par value?

Mr. DILLON: On the par value of the stock, so far as the guaranty is concerned; yet I would allow the carrier the full net value of the use of the property.

Mr. CALDWELL rose.

Mr. DILLON: If the gentleman will permit me, I want to explain my substitute, and do not want all of my time taken up. The substitute I offer is, in effect, the same as that of the gentleman from Iowa [Mr. DOWELL], except that my substitute goes to the question of the guaranty. It allows the carrier to have all that is coming to it. We should limit the responsibility of the Government as to the guaranty but pay the full value of the use, and my substitute seeks to limit the guaranty of the Government to 7 per cent. These carriers are engaged in a public service, and the Government could require them to turn back all sums above a fair and reasonable return on the money invested in a public service. Some of these companies are earning large sums of money. About 66 per cent of the mileage are earning good profits, and a great number of the carriers are earning excessive profits. I see no good reason why the Government in time of war should guarantee to them more than 7 per cent. The other third of the mileage of the railroads of this country are earning but little, and many of them earn nothing. These short lines that have been brought in under the terms of the bill will earn but little, if anything. The Government ought not to be mulcted in \$175,000,000 annually upon a guaranty. It does not guarantee your business; it does not guarantee my business. Then why should the Government guarantee these roads that are making excessive profits more than 7 per cent? It seems to me my amendment ought to have the support of everyone present. The Government ought not to extend its guaranty beyond 7 per cent, yet it ought to pay the full net value of the use of the property it has taken. No good argument can be offered here to show that the Government ought in its guaranty to go above 7 per cent. If the companies earn 30 per cent or 50 per cent, let them have the money; but from 7 per cent up to the earning capacity let them bear the perils and losses of war, the same as the balance of the people are doing. I trust my substitute will be adopted, that we may thus limit the responsibility of the Government as against the carriers that are making excessive profits. [Applause.]

Mr. CALDWELL: Mr. Chairman, this substitute sounds well for political campaign talk, but we do not want to lose sight of the fact that when you take a piece of property, and that property consists of a going business, that the man who surrendered his property to the Government is entitled to compensation for it. If you are going to use it pending that time, he is entitled to compensation for the use of it. The Supreme Court of the United States has held, not only once but a dozen times, that in taking into consideration what the value of the property is that is taken, we must not consider the value of the stock of the corporation; we are not to consider the par value of it nor the market value of it, but we must consider the value of the property itself, the value of the business, and in determining what is the value of the business the Supreme Court of the United States has repeatedly held that there must be taken into consideration together the going value as distinct from the good will, and also the good will, and in determining the value of the property aside from these intangible assets we must consider what the cost of reproduction under the conditions at the time it was taken were.

The gentleman's proposition might do very well if the Supreme Court had not decided what we can do and what we can not do under the Constitution. I take it that we should not pass a bill that the Supreme Court has said they would not sustain under the Constitution.

Mr. LITTLE: Will the gentleman yield?

Mr. CALDWELL: Yes.

Mr. LITTLE: Does the gentleman have in mind the case where the United States took over some railroad and the point was settled that it was the going value of the railroad?

Mr. CALDWELL. I have in mind the Consolidated Gas Co. case, where the whole matter was reviewed by the Supreme Court of the United States.

Mr. LITTLE. Can the gentleman give the number of the volume containing the decision?

Mr. CALDWELL. No; I can not give it now, but I will put it in the Record. I also have in mind the waterworks cases in San Diego, and I think I recall one case that arose in the gentleman's own State of Kansas.

Mr. SHALLENBERGER. It was in Nebraska.

Mr. CALDWELL. The gentleman from Nebraska says it was in Nebraska.

Mr. LITTLE. Does not the gentleman think that he confuses the necessities of the Government in a war like this with conditions in times of peace, where some property is taken for some other purpose?

Mr. CALDWELL. Not at all. Of course where they take property of the enemy, as they did in the Civil War, that is a different thing, but we are taking the property of our own people, and the Constitution of the United States says that we have to pay a fair value for it and has said what must be taken into consideration when we cast up the account.

Mr. LITTLE. But the gentleman will concede that there is another point involved in the use of property as a war measure.

Mr. CALDWELL. Oh, yes.

Mr. FRENCH. Mr. Chairman, in a general way I am in favor of the bill reported and of the Government taking over the control of the railroads of the United States. It seems to me, however, that there is merit in the amendments that have been proposed. They strike at the question of the compensation that the railroads shall receive. That compensation, under the language of the bill, is based on the earnings that the roads received for the last three years, probably the three most prosperous years in the history of the railroads in this country. Why, under the bill as it now is we may guarantee to one railroad profits of 25 per cent on the capital stock, to another 35 per cent, to another 44 per cent, and to numerous others amounts of returns nearly equal to those I have indicated, and in some instances even more.

In taking over these roads, shall we guarantee to a railroad profits sufficient to pay for the entire railroad capital stock in two years, in three years, or in four years? We do not treat other lines of business this way.

I realize that capital stock is not necessarily a true measure of value, but for determining the reasonable profits due the railroads other matters must be considered. But here we are too generous. Every Member of this House knows that as soon as the President issued his proclamation taking over the railroads, the market value of these securities jumped many per cent in the markets of our country. Why? Because the Government was proposing to underwrite for the period of the war profits for the railroads measured by the three prosperous railroad years through which we have just passed.

Gentlemen, I have read extensively on this subject. I have studied this question earnestly. I have listened to the able arguments by members of the committee, but as one Member of the House I am not satisfied with the compensation section of the bill.

It seems to me it is the duty of Congress to fix a compensation that would be, in the judgment of Congress, fair and equitable, and unless it is it will not be accepted. Then there is an opportunity under the terms of the bill for the matter to be determined in the courts. I remember in the fall I was, as we all were, in the liberty-loan campaign.

The argument that I met frequently was "I can earn more money than 4 per cent in loaning it to my neighbor who wants to borrow it." I replied immediately that the boys who are in the trenches could earn more than they drew from the Government if they were permitted to remain in this country and continue their normal occupations. It seems to me that we ought not to guarantee to the roads the highest compensation during this awful period of our country's crisis, the highest compensation they have earned during three most profitable years in the history of the railroad business, while we can not guarantee a profit at all to the hundreds of businesses throughout our country, and when in addition to that we are calling for the sacrifice of even life itself upon the part of a large number of our citizens.

I think that this Congress ought to consider legislation along the line suggested by the amendments that are now pending. They have just been offered. I am not sufficiently familiar with them in detail to know whether or not they ought to be approved by the Congress. That will be disclosed by further debate. It does seem to me, however, that they sound a note

along the right line, and that we ought to consider seriously the proposition they suggest. [Applause.]

Mr. SIMS. Mr. Chairman, I hope that these amendments will both be defeated, both the amendment and the substitute.

Mr. FRENCH. Mr. Chairman, will the gentleman yield for a question?

Mr. SIMS. Yes.

Mr. FRENCH. I notice in the report of the net earnings, as furnished by the Interstate Commerce Commission, some of the railroads of the country are reported as earning as much as 20 and 25 and even 70 per cent on their capital stock. According to that basis if we were to enter into a contract with them we would be paying for the entire valuation of the railroad in the course of two, three, or four years, and I would like to hear the gentleman discuss that.

Mr. SIMS. I thought the gentleman was going to ask me a question, I did not know that he was going to make a speech.

Mr. FRENCH. I would like to hear the gentleman on that proposition.

Mr. SIMS. Evidently the gentleman needs to hear somebody, because evidently he has not read up on the question.

Mr. FRENCH. I have read a great deal on the subject, and that is why I raise the question; and I listened to the gentleman in his able discussion on the general subject. He spent a great deal of time on other points, but not any on this. I must confess I am not satisfied.

Mr. SIMS. Take the Bessemer road. The mileage on the Bessemer road is only 8.81 miles, and its capital stock is only \$500,000. The average earnings, net operating income, of that short road for the past three years amounted to over \$4,000,000 a year, and therefore by reason of \$500,000 capital only, the percentage would be enormous.

Mr. FRENCH. Six hundred per cent.

Mr. SIMS. Yes; but when you go into the facts you find that it controlled and operated 205 miles and that the actual property value of the road was over \$45,000,000, and you find that the standard return would be a little over 10 per cent per annum for the three years upon the actual property investment, as shown by the reports of the Interstate Commerce Commission. It is not a question of capital stock. Ten shares could own the whole Pennsylvania road. Capital stock is nothing but a certificate of ownership. It is not a certificate of value at all. It is not even a fair estimate of what the value is; but the property used by the railroad in the discharge of its duties to the public is what you take upon which to calculate the percentage of return, and that value, that use for the three years on the property of more than \$45,000,000, instead of being more than 600 per cent per annum, was a little over 10 per cent. What is the object of this provision? It is to authorize the President to make a contract with the railroads pending war control, to pay them for the use during the time the Government so uses them a return equal to the average net operating income of the roads for the three preceding years. One of those years was a very bad year, embracing 1914 and 1915. The other two were very good in the volume of business, and the net returns on the last two in gross were the largest they ever had, but the average of the three is very good. But you must remember that we are authorizing the President to make a contract not to exceed that return, and what is the use of authorizing him to make a contract that none of these good roads will make at all, when they can go into the courts and get just compensation by the decision of the court? What is the use of making a proposition that you know will be rejected?

We could put in a proposition here authorizing the President to make a contract for not to exceed 2 per cent on the capital stock, but it would be absurd to do that. It would be no less foolish to authorize him to make one for 10 per cent when you know in advance the railroad would not take it because they had been making 20. In the case of all these high returns on capital stock, it will be found in almost every instance that the outstanding stock is below the property value. There are bonds outstanding and all that sort of thing, and it is absurd, ridiculous, to authorize the President to make a contract which we know beforehand nobody who had any sense would enter into. It is absurd to authorize him to make contracts that can not and will not be entered into by the railroads. To turn over the use of these railroads for an unknown length of time to the Government with no agreement, and force the railroads to bring suit and litigate it to the end, what sort of shape would the country be in for the next—nobody knows how many years? It is to the interest of the people to get contracts, even if they pay more than the earnings may turn out to be, because it is a guess at best, and we must make the best guess that we can. Now, I want to plead with my friends on both sides, the friends

of our country, not to force such a condition upon the country. You know that a short-time use of any property is always higher per diem or per annum than it is for a long period. The same is true about the borrowing of money.

Mr. LITTLE. Will the gentleman yield for a question?

The CHAIRMAN. The time of the gentleman has expired.

Mr. SIMS. I ask for five minutes more.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. LITTLE. Will the gentleman yield?

Mr. SIMS. In one moment. If you go down here to a hotel and ask for a room for a day, you pay so much for it, for a week you pay less, for a month still less, and for a year much less. If you lease a piece of property for a long period of years, you get it for a less amount per annum than for a short time. When you borrow money on bonds for a long period of time the rate of interest is always less than for a short time. So I insist there is nothing inequitable and unjust in paying even more than the average would be for a long period of years in order to bring about an agreement, in order to prevent suits that would follow, and, furthermore, as has been often stated, to stabilize the value of railroad securities. I do not mean stocks, but bonds that are held by every bank, trust company, and insurance company in the United States—to keep the value from shrinking to an extent that a panic would come upon the country. Remember, these companies can not hold these bonds under the laws of the States whenever the value, in proportion to the debt secured, falls below a certain per cent of face value; and the holders would be forced to put those bonds upon the market and sell them out under the hammer for whatever they would bring. What is the use of fooling along here with a proposition trying to save money to the public that will result in nothing but further burdens and possible panic upon the country, that will wreck and ruin it at a time when we need the lowest possible rate of interest by which money can be obtained?

Mr. LITTLE. What about compensation to people whose trade and business were shut down during the late heatless-day order?

Mr. SIMS. The gentleman's question is not relevant. I do not mean to be anything but respectful, but it is not relevant.

Mr. LITTLE. I just state it is relevant.

Mr. SIMS. Well, the Government did not take over those plants and operate the property itself. The results did not go to the use of the Government.

Mr. LITTLE. If the Government would stop the railroads from running—

Mr. SIMS. But the Government did not take the property and use it, and there is no relevancy in that and where you take a piece of property for which under the circumstances you must make a just return. The people were simply told, "Do not burn coal." The Government got no benefit out of the heatless day or the meatless day.

Mr. LITTLE. Do I understand that if the Government just stopped the railroads from running it would not owe them anything?

Mr. SIMS. Why, if in the public interest they ordered a train not to go, which would be temporary and for the benefit of everybody, that would be a different question; but we are laying a foundation to make contracts, and the gentleman brings in the question of heatless day or meatless day when we are trying to get men—

Mr. LITTLE. That is the idea.

Mr. SIMS. To accept a contract for compensation—

Mr. LITTLE. That is right; that is the idea exactly; the gentleman has got my idea.

Mr. RAMSEYER. Will the gentleman yield for a relevant question? In the table prepared by the Interstate Commerce Commission and printed with the remarks of the gentleman from Wisconsin [Mr. LEXROO] yesterday he gives the percentage of net income on these various roads.

Mr. SIMS. On what?

Mr. RAMSEYER. On capitalization.

Mr. SIMS. On stock?

Mr. RAMSEYER. Yes, sir.

Mr. SIMS. All right; go ahead.

Mr. RAMSEYER. Now, here is the Lehigh road, 27.98.

Mr. SIMS. On the stock?

Mr. RAMSEYER. That means that the stockholders are getting that much upon the face value of their stock, does it not?

Mr. SIMS. Yes.

Mr. RAMSEYER. Now, in regard to Bessemer, that means that the fellows who own the stock, not the bonds, will get 647 per cent?

Mr. SIMS. I told you that.

Mr. RAMSEYER. I understood in the gentleman's answer to the gentleman from Idaho that this Bessemer business in fact only got 10 per cent.

Mr. SIMS. On the value of the property used in making those earnings.

Mr. RAMSEYER. But the fellows who own the bonds only get 4 per cent.

Mr. SIMS. That is a liability and not capital.

Mr. RAMSEYER. But there is somebody getting these high rates of income on dividends or capital stock, and if the President compels the return, which he is entitled to make under this bill, then we will have the Burlington Road stockholders getting 22 per cent.

Mr. SIMS. I have read over all of that and know what it is, but the return is based in these reports on the stock value and not the value of the property devoted to the public use.

Mr. RAMSEYER. I know that.

Mr. SIMS. That is the standard return, and not on stock issued. It is on the value of the property used in the service.

Mr. RAMSEYER. You are not increasing the interest rate of the bondholders?

Mr. SIMS. That has nothing to do with it.

Mr. RAMSEYER. Certainly not, but you are giving these stockholders the percentages they have been receiving.

The CHAIRMAN. The time of the gentleman has expired. All time has expired.

The question is on the amendment by way of substitute.

Mr. HUDDLESTON. Mr. Chairman, may I ask that the substitute be read?

The CHAIRMAN. Without objection, the substitute will be again read.

The substitute was again reported.

The CHAIRMAN. The question is on the amendment by way of a substitute.

The amendment by way of a substitute was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Iowa [Mr. DOWELL].

Mr. HUDDLESTON. I ask that the amendment be reported.

The CHAIRMAN. Without objection, it will be again reported.

The amendment was again read.

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the Chairman announced that the yeas appeared to have it.

Mr. RAMSEYER. Division, Mr. Chairman.

The committee divided; and there were—ayes 15, yeas 40.

So the amendment was rejected.

Mr. PARKER of New Jersey. Mr. Chairman, I offer an amendment.

Mr. GRAHAM of Illinois. Mr. Chairman—

The CHAIRMAN. The gentleman from New Jersey [Mr. PARKER] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PARKER of New Jersey: Insert after the paragraph as to taxes, ending with line 2, on page 4, the following:

"Provided, That nothing herein contained shall be construed to admit the right of the several States, directly or indirectly, to tax war business conducted by the United States, or increased values of property, or franchises, or increased operating revenue resulting from such war business, and in order to prevent increase or diminution of taxes payable to the several States or under the several State laws by reason of the said war business and Federal control during the period of Federal control such taxes shall be standardized at the sums which were assessed and payable by said carriers, respectively, in the calendar year 1917, to be payable in each year at the same time and in the same amount as they were in 1917, adding thereto any taxes which were assessed in the year 1917 upon real estate that shall have been acquired by such carrier while under Federal control or by the United States for the purposes of this act."

Mr. SIMS. Mr. Chairman, I reserve a point of order on that.

Mr. PARKER of New Jersey. I thank the gentleman for reserving it. I wanted to bring the matter before the House. I think it is not subject to a point of order; but, nevertheless, it is a very important matter that ought to be considered. I think myself, Mr. Chairman, that this amendment ought to be divided. I have had it read all at once, so that it should be understood. The first part of it states a general principle:

That nothing herein contained shall be construed to admit the right of the several States, directly or indirectly, to tax war business conducted by the United States, or increased values of property, or franchises, or increased operating revenue resulting from such war business.

I think everybody will admit that to be right on the decisions of the courts. There was a brief put in on this matter. On page 885 Mr. Anderson said that if the States undertook to increase taxation disproportionately or to levy new taxes, that

they would not have levied if the money were not coming from the Federal Treasury, the Government would not be helpless. It can protect itself by litigating and testing its constitutionality.

Mr. Folk, at Mr. Anderson's suggestion, I think, put in a brief on this subject, which is on page 913. It goes over this matter very thoroughly. It says that operations of the United States can not be taxed at all. It shows that, for instance, national banks were exempted from certain State taxation because they were agencies of the United States. The brief on that subject is very full. I think that there ought to be no one in this House that would not vote for that statement that we did not intend to have the war business performed by the Government taxed by anybody. I have already put before the committee in the general debate the fact that the increase of business of the railroads during the time of the Civil War was to two and one-half fold. It is likely to be the same now.

There are States that, without changing any law, as they tax gross receipts, would get two and one-half times as much taxes as they do now because of the Government running those railroads. If rates are raised they will get more yet. If some of the States choose to increase their rate of taxation or increase their valuation of the railroads they will get more yet.

Now, the remedy proposed by Mr. Anderson is that we should go into litigation about all this. Nothing more awful could happen than if the United States and the States were to become involved in litigation about the taxes imposed on the railroads. The States, or some of them, may be quite patriotic and may not raise the valuation; but even if the States should be patriotic, the custom is in some of the States to put a tax on gross receipts, and in that case their revenues would increase, while that patriotic States which only value the railroads would have the same amount paid as heretofore.

Now, I say that the principle, down to the end of what I read, ought to be admitted by every one. The rest of the amendment is a remedy. Whether the remedy is the right one or not I do not know. But I do think that if we can standardize against the railroads their rental value and say, "We do not care how much you are going to take in during the war or what profits you make, we will pay you exactly what you made before the war for the use of your property," I think we can likewise standardize the peace taxes collected by the States and municipalities and say, as I do in the second part of this amendment, "The United States will pay exactly what you were assessed in 1917, whether you do less business or more."

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. PARKER of New Jersey. I ask, Mr. Chairman, that the matter be considered and voted on in two halves, as I mentioned, the first down to the words "war business," in the fourth line. Consider that as one amendment and the rest of it as a separate remedy. I think they ought to be considered separately. One is the principle and the other is the remedy.

The CHAIRMAN. A point of order has been reserved on the amendment as offered.

Mr. PARKER of New Jersey. No point of order has been made as to the first part of the amendment.

Mr. SIMS. It was read as one amendment, Mr. Chairman.

The CHAIRMAN. The amendment was offered as one amendment.

Mr. PARKER of New Jersey. I offer it as two. The first part reads:

Provided, That nothing herein contained shall be construed to admit the right of the several States directly or indirectly to tax war business conducted by the United States, or increased values of property, or franchises, or increased operating revenue resulting from such a war business.

That is all.

Mr. SIMS. Mr. Chairman, I do not think that is germane to the bill.

The CHAIRMAN. Does the gentleman from Tennessee make a point of order on the amendment?

Mr. SIMS. I do.

The CHAIRMAN. The Chair sustains the point of order.

Mr. SIMS. Mr. Chairman, is the other portion offered now?

Mr. PARKER of New Jersey. This is a section about taxes. There is on page 3, at the end of the paragraph, a passage which says:

that other taxes assessed under Federal or any other governmental authority for the period of Federal control or any part thereof, either on the property used under such Federal control or on the right to operate as a carrier, or on the revenues or any part thereof derived from operation (not including, however, assessments for public improvements or taxes assessed on property under construction and chargeable under the classification of the Interstate Commerce Commission to investment in road and equipment), shall be paid out of revenues derived from railway operations while under Federal control.

"Other governmental authority" means the States. I therefore add at the end a proviso to the effect that "Nothing herein contained shall be construed to admit the right of the several States directly or indirectly to tax war business conducted by the United States, or increased values of property, or franchises, or increased operating revenue resulting from such war business" conducted by the Federal Government. I think it is germane.

The CHAIRMAN. The Chair would state to the gentleman from New Jersey that the amendment which was proposed was offered as a whole. Of course the gentleman from New Jersey is perfectly familiar with the rule that if any part of an amendment be subject to a point of order, that makes the entire amendment subject to the point of order.

Mr. PARKER of New Jersey. I offered the first part myself.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from New Jersey.

The Clerk read as follows:

Amendment offered by Mr. PARKER of New Jersey: Insert, after the paragraph as to taxes, ending with line 2, on page 4, the following:

Provided, That nothing herein contained shall be construed to admit the right of the several States, directly or indirectly, to tax war business conducted by the United States, or increased values of property, or franchises, or increased operating revenue resulting from such war business."

Mr. SIMS. Mr. Chairman, I make the same point of order against that amendment. It is not germane to the bill or to any provision in the bill. That is putting a provision in with reference to State taxes. There is nothing in the bill attempting to control or regulate State taxation. The provision in the bill for taxing has reference to what may or may not be paid out of the standard return or out of the net operating revenue of the road.

Mr. PARKER of New Jersey. The gentleman understands that "other governmental authority" means the State. It was so stated in the evidence.

Mr. SIMS. But that has reference alone to the disposition to be made as to the earnings of the railroad, not as to the power to tax or not to tax.

Mr. PARKER of New Jersey. It is only a proviso, which can not be misunderstood.

Mr. LENROOT. Later on in the bill there is an express provision that this shall not impair the right of the State to levy taxes.

Mr. SIMS. Why, certainly. That was put in on account of the demand of the States, because they were afraid.

Mr. BARKLEY. Just one suggestion, if the Chair will accept it.

The CHAIRMAN. The Chair will be glad to hear the gentleman.

Mr. BARKLEY. This section 1 simply provides a method by which taxes levied by the States shall be paid, how the tax shall be deducted. It makes no attempt whatever to limit or extend the authority of the States in levying taxes. The gentleman's amendment, though, is not germane, because it seeks to limit the power of the States to levy taxes, whereas the section simply states how these taxes are to be paid and out of what fund they are to be paid.

The CHAIRMAN (Mr. GARRETT of Tennessee). The Chair thinks the statement of the gentleman from Kentucky [Mr. BARKLEY] very clearly puts the situation, and the Chair sustains the point of order.

Mr. GRAHAM of Illinois. Mr. Chairman, I move to strike out the last word. I do this for the purpose of addressing an inquiry to the chairman of the committee. I note on page 2 of this bill language that perhaps is plain to the committee but is ambiguous to me. The statement is made that—

For each year, and pro rata for any fractional year of such Federal control, equivalent as nearly as may be to its average annual railway operating income—

What is that, gross or net?

Mr. SIMS. Net.

Mr. GRAHAM of Illinois. Does not the gentleman think that as a safety provision he ought so to state; that instead of leaving this to the construction of some court, he had better insert the word "net" by way of amendment? This language is capable of a double construction, and possibly some court somewhere might contend that this was gross.

Mr. SIMS. Undoubtedly the courts would hold that that had reference to net income. A court that would hold that the Government should pay to the railroad company the entire gross income of the railroad company as compensation for its use for three years ought to be relieved of its judicial duties.

Mr. GRAHAM of Illinois. It will not hurt the gentleman's bill, and it might make the meaning clear.

Mr. SIMS. It can not possibly refer to gross income, by construction or otherwise.

Mr. STEVENSON. If the gentleman will look, he will find that they have used there exactly the term that the Interstate Commerce Commission uses in all of its reports and deliverances, and in the reports that it requires of net operating income. The exact term that the Interstate Commerce Commission has crystalized into that expression is used here to denote the net operating income.

Mr. GRAHAM of Illinois. In other words, the term "operating income" means net income, does it?

Mr. STEVENSON. Yes; that is what it means. You will find that there is a certain report required of every railroad of its income, and the part designated as operating income is the thing which they refer to here, the net operating income.

Mr. GRAHAM of Illinois. If it has a well-known meaning, the amendment is not necessary, but it was not clear to my mind.

Mr. ESCH. Mr. Chairman, I wish to offer an amendment to correct an error of punctuation.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

Mr. ESCH. After the word "retirements," in line 12, page 2, I move to insert a comma; and after the word "betterments," in line 11, omit the comma.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. ESCH: Page 2, line 11, after the word "betterments," strike out the comma; and, in line 12, after the word "retirements," insert a comma.

The amendment was agreed to.

Mr. TOWNER. Mr. Chairman, I understand the gentleman from Wisconsin is going to offer some amendments to perfect the section, and especially the first paragraph of the section. I will ask the gentleman from Wisconsin to be kind enough to notify me when he exhausts his amendments to the first section, because I have an amendment to offer.

Mr. SIMS. Let me ask the gentleman from Wisconsin [Mr. LENROOT] if the amendments are the ones he stated that he would offer yesterday.

Mr. LENROOT. This is not one inserted in the RECORD, but one that I said I would offer.

Mr. SIMS. As to these amendments I would like to have them offered, because the committee wants tomorrow to study these matters.

Mr. LENROOT. I would be glad to have an agreement that as to these perfecting amendments we have unanimous consent to return to the first section of the bill.

Mr. SIMS. Mr. Chairman, I will ask unanimous consent that we may return to section 1 of the bill for the purpose of giving the gentleman from Wisconsin an opportunity to offer amendments and discuss them as though they were offered now.

Mr. TOWNER. Mr. Chairman, I have a motion to strike out the first paragraph of the section and insert a substitute therefor, and I could not offer it until after the section is perfected and the amendments disposed of.

Mr. SIMS. Let me inquire of the gentleman from Wisconsin how many amendments he has to offer to the first section.

Mr. LENROOT. Four.

Mr. SIMS. The gentleman might offer his substitute now, because the amendments, as I understand, do not change the scope of the section. If the substitute is adopted gentlemen might want to offer some amendments to it.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that at any time before the conclusion of the consideration of the bill in Committee of the Whole the committee may return to section 1 of the bill in order to permit the gentleman from Wisconsin [Mr. LENROOT] to offer and debate amendments under the general rules of the House for the perfecting of the section. Is there objection?

Mr. CALDWELL. Reserving the right to object, does the request confine amendments to be offered by the gentleman from Wisconsin [Mr. LENROOT] and no one else?

Mr. SIMS. Not if anyone else wants to offer amendments to perfect the section.

Mr. LENROOT. I have inserted nearly all my amendments in the RECORD. The purpose of this was to give the committee time for the consideration of those amendments, and they have already had notice of the amendments.

Mr. CALDWELL. I shall have to insist on an objection unless the unanimous-consent agreement provides that anyone can offer an amendment. Suppose an amendment is offered and some one wants to offer another amendment to it?

Mr. LENROOT. They can go on and do that.

Mr. CALDWELL. I will object.

Mr. LENROOT. Then, Mr. Chairman, I will offer the following amendment.

The Clerk read as follows:

Page 1, line 10, strike out the words "not exceeding." Page 2, lines 2 and 3, strike out the words "equivalent as nearly as may be to" and insert the words "not exceeding."

Mr. LENROOT. Mr. Chairman, that is one amendment that I gave notice yesterday that I would offer at this time. As the language now stands it clearly does not express the intention of the committee. As the language now stands it could not possibly accomplish the purpose of the committee. Of course, the purpose of the committee in this first paragraph, section 1, was to authorize the President to agree with the railroads to pay them a certain annual sum in compensation for the use of their roads by the Government during the time the Government shall hold them.

Mr. CALDWELL. Will the gentleman yield for me to withdraw my objection?

Mr. LENROOT. I will.

Mr. SIMS. Then, Mr. Chairman, I renew my request.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that at any time during the consideration of the bill the Committee of the Whole may return to section 1 for the purpose of permitting the gentleman from Wisconsin [Mr. LENROOT] to offer and debate any amendment intending to perfect the verbiage of the bill. Is there objection?

Mr. GARNER. Mr. Chairman is it the exclusive privilege of the gentleman from Wisconsin to offer an amendment, or any member of the committee?

Mr. SIMS. Any amendment can be offered to his amendment.

Mr. GARNER. I understand, but I do not grasp the idea of returning for one member of the committee only to offer an amendment; why not leave it open to all?

Mr. SIMS. Was the gentleman present when I stated my reason for this?

Mr. GARNER. No; I was not.

Mr. SIMS. The gentleman from Wisconsin [Mr. LENROOT] made a speech of 40 minutes on yesterday and submitted a number of amendments, many of which are to noncontroversial portions of the bill, to perfect the bill and clarify it, but not in opposition to the bill.

They are printed in the RECORD. The committee has had no opportunity at all to consider these amendments, and I suggest that if he would withhold offering the amendment it would give an opportunity to the committee to-morrow and on Monday morning to take them and consider them, and it would very greatly expedite the passage of the bill.

Mr. LENROOT. And save time.

The CHAIRMAN. The Chair would hold, of course, that an amendment to any amendment that was offered would be in order.

Mr. SAUNDERS of Virginia. Mr. Chairman, ought not that request to include in it that the return shall be upon the motion of some particular Member?

Mr. SIMS. It says "before the conclusion of the bill."

Mr. LENROOT. I think it would amount to the same thing if the gentleman would make his request that we return to section 1 later for the purpose only of offering perfecting amendments, and that would leave it open to any gentleman to offer amendments.

Mr. SIMS. I will put the request exactly in that shape, that the committee may return to section 1 at any time upon the request of any member of the Committee of the Whole to offer perfecting amendments to section 1.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that at any time during the consideration of the bill in Committee of the Whole, upon the request of any member of the Committee of the Whole, the committee shall return to section 1 of the bill for the purpose of permitting the offering of amendments to perfect the text of the bill. Is there objection?

Mr. WALSH. Mr. Chairman, reserving the right to object, I understand the only purpose of this is to permit the committee to consider these amendments so that when we convene on Monday they may have them better in mind. Therefore to give them an opportunity to do that, without any further agreement or arrangement, I make the point of order that there is no quorum present.

Mr. SIMS. Mr. Chairman, if the gentleman desires to make the point of no quorum, he may do so. I do not know whether there is a quorum here or not, but the point will be made again in a few moments, and under compulsion of that kind I move that the committee do now rise, and for no other reason.

The motion was agreed to.

Accordingly the committee rose; and Mr. SAUNDERS of Virginia having assumed the chair as Speaker pro tempore, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 9685, and had come to no resolution thereon.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted to Mr. SABATH, for three days, on account of important business.

EXTENSION OF REMARKS.

Mr. McKEOWN. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record by printing therein a letter directed to the President, calling his attention to the unsettled condition of the farmers under the present draft and the reply of the Provost Marshal General thereto, giving their status.

The SPEAKER pro tempore. Is there objection?

Mr. CAMPBELL of Kansas. Mr. Chairman, reserving the right to object, is the letter from a farmer or an association of farmers?

Mr. McKEOWN. The letter is addressed by myself to the President, and he has turned it over to the Provost Marshal General, who answered it.

The SPEAKER pro tempore. Is there objection?

There was no objection.

HOOR OF MEETING MONDAY.

Mr. SIMS. Mr. Chairman, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock Monday.

The SPEAKER pro tempore. Is there objection?

There was no objection.

ADJOURNMENT.

Mr. SIMS. I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 32 minutes p. m.) the House, in accordance with the order heretofore made, adjourned until Monday, February 25, 1918, at 11 o'clock a. m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. LEVER, from the Committee on Agriculture, to which was referred the bill (H. R. 9971) to provide further for the national security and common defense by the conservation of foodstuffs, feeds, and materials necessary for the production, manufacture, and preservation of foodstuffs and feeds, reported the same with amendment, accompanied by a report (No. 337), which said bill and report were referred to the House Calendar.

Mr. FIELDS, from the Committee on Military Affairs, to which was referred the bill (H. R. 9352) to amend an act entitled "An act providing for an Assistant Secretary of War," approved March 5, 1890, and for other purposes, reported the same without amendment, accompanied by a report (No. 338), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. ROWE, from the Committee on the Merchant Marine and Fisheries, to which was referred the bill (H. R. 9908) to amend sections 4402, 4404, and 4414 of the Revised Statutes of the United States, reported the same without amendment, accompanied by a report (No. 339), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 9552) granting a pension to Edyth C. Dideon, and the same was referred to the Committee on Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. LOBECK: A bill (H. R. 10186) to amend the act approved June 25, 1910, establishing postal-savings depositories, and acts amendatory thereof, and for other purposes, by extending the usefulness of the Postal Savings System, and instituting publicity for securing from the public postal-savings deposits; to the Committee on the Post Office and Post Roads.

Also, a bill (H. R. 10187) to provide for an investigation of the collection and disposal of garbage, ashes, refuse, dead animals, and night soil in the District of Columbia and employment of a competent sanitary engineer to report the latest approved methods for disposal of the same; to the Committee on the District of Columbia.

By Mr. THOMAS: A bill (H. R. 10188) granting pensions to soldiers totally blind; to the Committee on Invalid Pensions.

By Mr. LOBECK: A bill (H. R. 10189) for the extension of Maryland Avenue east of Fifteenth Street to Oklahoma Avenue NE.; to the Committee on the District of Columbia.

Also, a bill (H. R. 10190) to provide that the unexpended balances of certain appropriations for Benning Road viaduct and bridge be covered into the Treasury; to the Committee on Appropriations.

By Mr. SABATH: A bill (H. R. 10191) to prohibit the sale or gift of intoxicating liquors to minors within the admiralty and maritime jurisdiction of the United States; to the Committee on the Judiciary.

By Mr. TIMBERLAKE: A bill (H. R. 10192) to establish a game sanctuary in the State of Colorado, and for other purposes; to the Committee on Agriculture.

By Mr. DENTON: A bill (H. R. 10193) to prevent the defacement or obliteration of Government war advertising, and to provide punishment therefor; to the Committee on the Judiciary.

By Mr. AUSTIN: A bill (H. R. 10194) to aid our Government by the production of foodstuffs and to aid farmers and to give employment to the unemployed and to encourage agriculture and authorize the creation of a board of five in each State; and provide for farmers to remain in their States from March 1 to December 1 during the present war; and to aid in establishing a home or homes on the industrial farm for those people who have to move out of the alleys July 1, so that they can aid the Government by the production of foodstuffs; to the Committee on Appropriations.

By Mr. LONERGAN: A bill (H. R. 10195) to amend and reenact section 713 of chapter 18, subchapter 10 of the Code of Laws of the District of Columbia; to the Committee on the District of Columbia.

Also, a bill (H. R. 10196) to amend and reenact section 691a of chapter 18, subchapter 7, of the Code of Laws, of the District of Columbia; to the Committee on the District of Columbia.

By Mr. PHELAN: A bill (H. R. 10197) to provide a penalty for obtaining loans or credit from a national banking association based on false statements; to the Committee on Banking and Currency.

By Mr. BRAND: A bill (H. R. 10198) to require cashiers and other officers of a national banking association handling its funds to give bond and to prevent its officers and employees from making erasures on the books of the association; to the Committee on Banking and Currency.

By Mr. EAGLE: A bill (H. R. 10199) to repeal the sixth section of an act approved July 12, 1882, entitled "An act to enable national banking associations to extend their corporate existence, and for other purposes"; to the Committee on Banking and Currency.

Also, a bill (H. R. 10200) to regulate the allowance of overdrafts by national banking associations, and to provide penalties for its violation; to the Committee on Banking and Currency.

By Mr. GLASS: A bill (H. R. 10201) to amend and reenact sections 5136, 5137, 5139, 5147, 5172, 5200, 5222, 5230, and 5239 of the Revised Statutes of the United States; to the Committee on Banking and Currency.

By Mr. TINKHAM: A bill (H. R. 10202) to provide further for the national security and defense by controlling and regulating rents of real estate in the District of Columbia; to the Committee on the District of Columbia.

By Mr. STEPHENS of Nebraska: A bill (H. R. 10203) authorizing the Winnebago Tribe of Indians of Wisconsin and Nebraska to submit claims to the Court of Claims; to the Committee on Indian Affairs.

By Mr. GARD: A bill (H. R. 10204) to punish the willful injury or destruction of war material, or of war premises or utilities used in connection with war material, and for other purposes; to the Committee on the Judiciary.

By Mr. WINGO: A bill (H. R. 10205) to provide for the consolidation of national banking associations; to the Committee on Banking and Currency.

By Mr. CLARK of Florida: Resolution (H. Res. 257) directing the Shipping Board to furnish the House certain information; to the Committee on the Merchant Marine and Fisheries.

By Mr. PRATT: Resolution (H. Res. 258) directing the Postmaster General to transmit to the House information respecting the organization, operation, and personnel of the foreign mail service; to the Committee on the Post Office and Post Roads.

By Mr. LUFKIN: Memorial adopted by the General Court of Massachusetts, favoring the ratification of regulations establishing a closed season on waterfowl; to the Committee on Agriculture.

Also, memorial adopted by the General Court of Massachusetts, favoring the creation of a league of nations to safeguard permanent peace upon the termination of the present war; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AUSTIN: A bill (H. R. 10206) granting a pension to Frank T. Coleman; to the Committee on Pensions.

Also, a bill (H. R. 10207) granting a pension to Robert Shipley; to the Committee on Pensions.

By Mr. CARY: A bill (H. R. 10208) granting a pension to Fred J. Luepke; to the Committee on Pensions.

By Mr. DARROW: A bill (H. R. 10209) granting an increase of pension to Margaret Stewart; to the Committee on Invalid Pensions.

By Mr. DILL: A bill (H. R. 10210) granting an increase of pension to Carlton H. Finley; to the Committee on Invalid Pensions.

By Mr. GEORGE W. FAIRCHILD: A bill (H. R. 10211) granting an increase of pension to Harrison C. Dunham; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10212) granting an increase of pension to Irving Holcomb; to the Committee on Invalid Pensions.

By Mr. FOSTER: A bill (H. R. 10213) granting an increase of pension to Samuel Worley; to the Committee on Invalid Pensions.

By Mr. GOOD: A bill (H. R. 10214) granting an increase of pension to Philo R. Woods; to the Committee on Invalid Pensions.

By Mr. KEARNS: A bill (H. R. 10215) granting a pension to Sallie M. Sellers; to the Committee on Invalid Pensions.

By Mr. LANGLEY: A bill (H. R. 10216) granting a pension to W. W. Treadway; to the Committee on Pensions.

By Mr. LUFKIN: A bill (H. R. 10217) granting a pension to Abbie L. Ahern; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10218) granting a pension to Carrie E. Magison; to the Committee on Invalid Pensions.

By Mr. McCULLOCH: A bill (H. R. 10219) granting a pension to Frank O. Stevens; to the Committee on Pensions.

By Mr. MASON: A bill (H. R. 10220) granting an increase of pension to Levi M. Dort; to the Committee on Invalid Pensions.

By Mr. RAKER: A bill (H. R. 10221) granting an increase of pension to Richard Groebe; to the Committee on Invalid Pensions.

By Mr. RUCKER: A bill (H. R. 10222) granting an increase of pension to Philo M. Russell; to the Committee on Invalid Pensions.

By Mr. SANFORD: A bill (H. R. 10223) granting a pension to John J. Burke; to the Committee on Pensions.

By Mr. SHERWOOD: A bill (H. R. 10224) granting an increase of pension to Volney A. Parmer; to the Committee on Pensions.

Also, a bill (H. R. 10225) striking from the pension roll the name of Jennie M. Heath; to the Committee on Invalid Pensions.

By Mr. THOMAS: A bill (H. R. 10226) granting a pension to Hallie Cook; to the Committee on Pensions.

Also, a bill (H. R. 10227) granting a pension to Alexander E. Strange; to the Committee on Pensions.

Also, a bill (H. R. 10228) granting an increase of pension to John S. Withers; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10229) granting an increase of pension to William C. McGhee; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10230) granting pension to Henry T. Kin-kade; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10231) granting an increase of pension to Henry Cowles; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10232) granting an increase of pension to Mitchell Mason; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10233) granting an increase of pension to Charles B. Griffin; to the Committee on Invalid Pensions.

By Mr. VESTAL: A bill (H. R. 10234) granting an increase of pension to George W. Hester; to the Committee on Invalid Pensions.

By Mr. WELTY: A bill (H. R. 10235) granting a pension to George F. Swob; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER: Petition of citizens of the improved real estates of O'Donnel Capas and Bamban, Tarlac, P. I., relative to decision of the question of Camp Stotsenberg Reservation; to the Committee on Insular Affairs.

By Mr. CARLIN: Memorial of Farmers' Cooperative Grain Dealers' Association of Iowa, relative to power of Interstate Commerce Commission in rate hearings and regulations; to the Committee on Interstate and Foreign Commerce.

By Mr. CARY: Petition of the Woman's Shakespeare Club, of Fort Worth, Tex., against increase in second-class mail rates; to the Committee on Ways and Means.

By Mr. COOPER of Wisconsin: Memorials of the Bohemian Society of Kenosha and of the Bohemian National Alliance, Milwaukee, Wis., urging that the unification of the Czecho-Slovaks into one independent State be made one of the terms of the treaty of peace; to the Committee on Foreign Affairs.

By Mr. CURRY of California: Resolutions of the Sacramento (Cal.) Consolidated Chamber of Commerce, protesting against a 2-cent rate on post cards; to the Committee on the Post Office and Post Roads.

Also, petition of several Federal employees, members of Federal Employees Union No. 1, and residents of the third congressional district of California, in favor of House bill 7356; to the Committee on Labor.

By Mr. DALE of New York: Petition of Central Federated Union of New York, against the Borland eight-hour law; to the Committee on Agriculture.

Also, petition of Joint Legislative Board of the State of New York, against placing any limit of time for Government supervising the railroads; to the Committee on Interstate and Foreign Commerce.

Also, petition of the Woman's Shakespeare Club, of Fort Worth, Tex., against increase in postage on second-class matter; to the Committee on Ways and Means.

Also, petition of the Czecho-Slovaks (Bohemian Slovaks) asking independence for Bohemia; to the Committee on Foreign Affairs.

By Mr. DOOLING: Petition of National Federation of Federal Employees, against Borland eight-hour amendment; to the Committee on Agriculture.

By Mr. FULLER of Illinois: Petition of William Riley, commander Grand Army of the Republic post, Yonkers, N. Y., for increase of pension of maimed soldiers; to the Committee on Invalid Pensions.

Also, petitions of the New Mexico Federation of Women's Clubs; the West Pullman Woman's Club, of Chicago, Ill.; the Elective Study Club of Minneapolis, Minn.; the Abingdon Woman's Club, of Abingon, Ill.; the Woman's Club of Marion, Ohio; and the Browning Club, of Athens, Tenn., favoring the repeal of the second-class postage provisions of the war-revenue act; to the Committee on Ways and Means.

By Mr. HAMILTON of New York: Evidence to accompany House bill 10127, granting a pension to Pheba A. Vaughn; to the Committee on Invalid Pensions.

By Mr. HILLIARD: Petitions of Dr. J. H. Tilden, Mrs. M. Martin, and M. A. Posner, of Denver, Colo.; and Arthur Bartlett, of Colorado Springs, Colo., urging the repeal of that section of the war-revenue act providing for increased postage rates on periodicals; to the Committee on Ways and Means.

By Mr. KAHN: Petition of Pacific Coast Division of Bohemian National Alliance, urging national freedom for Bohemians when new map of Europe is made; to the Committee on Foreign Affairs.

By Mr. MASON: Memorial of Chicago (Ill.) Hospital College of Medicine against discriminating against students of certain medical colleges entering service of United States; to the Committee on Military Affairs.

By Mr. MOORE of Pennsylvania: Memorial of the West Palm Beach Association of Commerce, urging Government improvement of the Florida Coast Line Canal; to the Committee on the Merchant Marine and Fisheries.

By Mr. SCHALL: Memorial of Edwin Brantwell and others, favoring House bill 3831 for retirement of aged civil-service employees; to the Committee on Reform in the Civil Service.

Also, memorial of John Sabas and sundry citizens of Minneapolis, Minn., favoring independence of Lithuania; to the Committee on Foreign Affairs.

By Mr. TAGUE: Petition of Commonwealth of Massachusetts, favoring the creation of a league of nations to safeguard peace upon the termination of the present war; to the Committee on Foreign Affairs.

Also, petition of the National Association of Chiropodists (Inc.), favoring appointment of podiatrists in the United States Army; to the Committee on Military Affairs.

Also, petition of the Commonwealth of Massachusetts, favoring adoption of recommendations of United States Department of Agriculture providing for closed season on waterfowl in Massachusetts; to the Committee on Agriculture.

By Mr. TILLMAN: Petition of sundry citizens of Yellville, Ark., against zone system of second-class postage; to the Committee on the Post Office and Post Roads.

By Mr. TIMBERLAKE: Petition of R. A. Cameron Post, No. 25, Grand Army of the Republic, favoring increase in pensions of Civil War veterans; to the Committee on Invalid Pensions.

By Mr. VARE: Memorial of city council of Pittsburgh, Pa., favoring Ohio River appropriation in rivers and harbor bill; to the Committee on Rivers and Harbors.

SENATE.

MONDAY, February 25, 1918.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, Thou art the sovereign Lord and Master of all men and of all nations. We thank Thee that we have been taught to recognize Thy right to rule in our hearts and lives and in our Nation; that we think of our allegiance to Thee, our loyalty to Thy cause, our devotion to Thy name as the first and supreme obligation of life. We pray Thee that Thou wilt bless us as we come day by day to draw from Thee the wisdom and grace for the duties that are upon us. For Christ's sake. Amen.

The Secretary proceeded to read the Journal of the proceedings of the legislative day of Thursday, February 21, 1918, when, on request of Mr. McCUMBER and by unanimous consent, the further reading was dispensed with and the Journal was approved.

ESTIMATES OF APPROPRIATION.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Secretary of War submitting an estimate of appropriation in the sum of \$4,506,997.30 for the temporary employment of additional employees in the War Department (S. Doc. No. 184), which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Secretary of War submitting supplemental estimates of appropriations required by the Quartermaster Corps for the fiscal year 1918, \$398,140 (S. Doc. No. 182), which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Secretary of War submitting an urgent estimate of appropriation in the sum of \$50,000, required by the Engineer Department for "Maintenance of Highway Bridge across the Potomac River, District of Columbia," etc. (S. Doc. No. 181), which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, submitting an estimate of appropriation in the sum of \$300,000 to enforce, through the Customs Service, the provisions of the espionage law (S. Doc. No. 183), which was referred to the Committee on Appropriations and ordered to be printed.

FOOD INVESTIGATION.

The VICE PRESIDENT laid before the Senate a communication from the acting chairman of the Federal Trade Commission, transmitting a copy of the hearings held by the commission in connection with the food investigation directed by the President, which, with the accompanying paper, was referred to the Committee on Printing.

REPORT OF COMMISSIONER OF PATENTS (H. DOC. NO. 958).

The VICE PRESIDENT laid before the Senate the annual report of the Commissioner of Patents for the fiscal year ended December 31, 1917, which was referred to the Committee on Patents and ordered to be printed.

ADDRESS ON WASHINGTON'S BIRTHDAY BY SENATOR WARREN G. HARDING (S. DOC. NO. 180).

Mr. POMERENE. Mr. President, I have before me the manuscript of an address delivered by my distinguished colleague on Washington's Birthday at a celebration held under the auspices of the Sons of the American Revolution. It is a

splendid address, worthy of the occasion, and I ask that it be printed as a public document.

Mr. SMITH of Michigan. Mr. President, I rose to make the same request with reference to the address of the Senator from Ohio [Mr. HARDING]. Among the celebrations held throughout the country appropriate to Washington's Birthday there was none more fitting than the celebration held here under the auspices of the Sons of the American Revolution, and the address of the Senator from Ohio upon that occasion was most illuminating and inspiring. It was in every way becoming that occasion, and I join with the senior Senator from Ohio in his request to have this address printed as a document.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

ADDRESS ON THE EXISTING WAR.

Mr. SWANSON. Mr. President, I desire to give notice that to-morrow, immediately following the conclusion of the regular morning business, I shall address the Senate on the existing war.

PETITIONS AND MEMORIALS.

The VICE PRESIDENT presented resolutions of the Legislative Assembly of the State of Montana, which were referred to the Committee on Indian Affairs and ordered to be printed in the RECORD, as follows:

STATE OF MONTANA,
SECRETARY OF STATE,
Helena, February 19, 1918.

HON. THOMAS MARSHALL,
President of United States Senate, Washington, D. C.

DEAR SIR: I am herewith transmitting copy of substitute joint house resolution No. 3, passed by the extraordinary session of the Fifteenth Legislative Assembly of the State of Montana.

Yours, very truly,

C. T. STEWART,
Secretary of State.

DEPARTMENT OF THE SECRETARY OF STATE
OF THE STATE OF MONTANA.

CERTIFICATE.

United States of America, State of Montana, ss:

I, C. T. Stewart, secretary of state of the State of Montana, do hereby certify that I have compared the annexed copy of substitute joint house resolution No. 3 with the original thereof, filed in my office on the 19th day of February, 1918, and that the same is a correct transcript thereof, and of the whole of said original.

In testimony whereof, I have hereunto set my hand and affixed the great seal of the State of Montana this 19th day of February, A. D. 1918.

[SEAL.]

C. T. STEWART,
Secretary of State.

[Substitute joint house resolution No. 3, introduced by Harbert, Mason, and Larse.]

A resolution memorializing Congress for an appropriation of \$750,000 for the Flathead Irrigation project for the ensuing year.

To the honorable Senate and House of Representatives in the Congress of the United States assembled:

Whereas the Fifteenth Legislative Assembly of the State of Montana, meeting in extraordinary session in response to a proclamation of the governor calling this body together for the consideration of measures necessary to a successful prosecution of the war, among which of primary importance is a bill providing for loans at low rates of interest to needy farmers for the enhancement of agricultural production in the State: Now, therefore, be it

Resolved, That the Fifteenth Legislative Assembly of the State of Montana bears with grave concern the reports from Washington of the intention of Congress to reduce a contemplated appropriation of \$750,000 toward the completion of the Flathead Reservation irrigation project in western Montana to \$250,000, and does hereby go on record as in favor of and registers its wish for an appropriation of \$750,000 for said project; and it is further

Resolved, That a failure of the Congress of the United States to make such appropriation of \$750,000 would be violative of the best interests of this Nation, a great discouragement to the farmers and to the farming interests of Montana, thereby resulting in decreased farm production in one of the most fertile sections of the State of Montana, and, being prompted by a consideration for the best interests of this Nation and the State of Montana, demands favorable action by the United States Congress of an appropriation of \$750,000 toward the completion of the Flathead Reservation irrigation project; and it is hereby ordered that a copy of this resolution be telegraphed to the Speaker of the House of Representatives, the President of the United States Senate, with the recommendation that it be read before both bodies and referred to the proper committees.

(Signed)

JAMES F. O'CONNOR,

Speaker of the House.

(Signed)

W. W. McDOWELL,

President of the Senate.

The VICE PRESIDENT presented resolutions of the Legislative Assembly of the State of Montana, which were referred to the Committee on Public Lands and ordered to be printed in the RECORD, as follows:

STATE OF MONTANA,
SECRETARY OF STATE,
Helena, February 19, 1918.

HON. THOMAS MARSHALL,
President United States Senate, Washington, D. C.

DEAR SIR: I am transmitting herewith copy of resolution passed by the Legislative Assembly of the State of Montana, which resolution relates to the Myers homestead bill (S. 3439), and the same is self-explanatory.

Very truly, yours,

C. T. STEWART,
Secretary of State.